

Head of Afrikaner Secret Society Opts for Multiracial Dialogue

By Allister Sparks

JOHANNESBURG — The chairman of South Africa's powerful Broederbond, an Afrikaner secret society long dedicated to maintaining racial segregation, has opted for multiracial dialogue, and has met with members of the African National Congress.

The Broederbond, or League of Brothers, has been dedicated to the preservation of white domination and has a penchant for darkly dramatic ritual. It is considered to have invented the apartheid system

of extreme segregation and white-minority control.

The society is believed to exercise enormous influence at every level of Afrikaner political and cultural life and to be an important factor in appointments to important government posts.

In what appears to represent an about-face for the organization, its chairman, Pieter J. de Lange, now speaks of using the Broederbond as a "contact agency" to help people of different races and political viewpoints meet one another.

Mr. de Lange, 60, recently resigned as head of Rand Afrikaans

University in Johannesburg to devote himself to promoting dialogue and understanding among the racial groups in South Africa.

According to the authors of a 1979 book called "The Super-Afrikaners," which exposed the activities and much of the membership of the Broederbond, most senior cabinet ministers are members. The authors said it was not possible for any nonmember to become prime minister. The position is now called state president and is held by Pieter W. Botha, who the book listed as a Broederbond member.

The organization also exerts considerable influence over the Dutch Reformed Church, to which most Afrikaners belong, and the South African Broadcasting Corp., which has a monopoly over television and radio.

The reason he is trying to encourage dialogue, Mr. de Lange said, is that he believes South African society is undergoing a transformation. He likened it to tensions building up in the earth and eventually causing shifts in geological structures that create new seas and continents, leaving living creatures to adapt to a new environment.

What worries Mr. de Lange is that he doubts whether South Africa's political parties and other organizations are capable of that adaptation. They are too superficial in their approach and are producing a confusion of different plans, he said. There is too little mutual trust to deal with the issues coherently. This is what the Broederbond chairman wants to rectify.

"The lack of trust is the result of a lack of meaningful contact," he said last week, in one of the few interviews focusing on the group that any member of the society has given. "There is a tremendous need for more contact to build up mutual understanding. I am hoping that I will get support for this in the Broederbond, even if it's not full support. The advantage of using the Broederbond for this is that it is spread all over the country."

(Mr. de Lange said Monday that "I would state clearly that I am not in favor of negotiations with the ANC as long as they insist that power must be handed over to them and as long as they employ violent means to achieve this end," Reuters reported.)

Already the Broederbond chairman has held talks with some leading members of the outlawed African National Congress.

Schlumberger said that the two companies had terminated the agreement in principle reached in October, but did not say whether the decision was mutual.

Fujitsu had no immediate comment. The company's public-relations officers in New York said they were unaware that the agreement had been called off until contacted by reporters.

Schlumberger, the world's largest oil-field services company, cited the political controversy and said it appeared unlikely that the sale could be completed in a reasonable amount of time.

Analysts said they thought Schlumberger might have another buyer in mind.

Last week, both Defense Secretary Caspar W. Weinberger and Commerce Secretary Malcolm Baldrige indicated strong opposition to the sale.

Government officials have said the sale could reduce the competitiveness of U.S. semiconductor chip makers by putting advanced technology into Japanese hands.

Fairchild makes a special type of

See FAIRCHILD, Page 13



A Palestinian refugee in Beirut's Burj al-Brajneh camp guarding her food on Monday after Shiite Muslim milita-

men allowed women permission to leave the camp to shop. The measure followed an outbreak of scurvy in the camp.

Sale Halted Yugoslavia Indicates Work Stoppages Of Chip Firm Are More Widespread Than Reported To Japanese

Compiled by Our Staff From Dispatches

NEW YORK — Facing strong U.S. governmental pressure, Schlumberger Ltd. said Monday that it was ending its agreement to sell 80 percent of Fairchild Semiconductor Corp. to Fujitsu Ltd., Japan's largest computer maker.

Fairchild, based in Cupertino, California, is an important supplier of microchips to the U.S. Defense Department, and the prospect of a Japanese company gaining control of it raised concern within the Reagan administration and in Congress.

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BELGRADE — The official Yugoslav press agency Tanjug acknowledged Monday that strikes triggered by a wage freeze imposed last month were more widespread than originally reported and indicated that more unrest was likely.

Tanjung disclosed that work stoppages prompted by February emergency laws that froze the pay of many workers had spread virtually across the country.

The press agency said that 1,000 workers struck for an unspecified period at 11 concerns in Serbia, 200 workers stopped work in the southern province of Kosovo for 12 days and an unspecified number struck

for as long as two days in a coal mine in Pijevica in Montenegro.

It added that teachers in Serbia had shown solidarity with other protests by refusing to collect their pay, rather than by stopping work.

In initial reports on the labor unrest, Tanjug said that Croatia was the only area hit by strikes, with several thousand workers stopping work at 40 concerns in half a dozen cities.

Strikes have increased as the government seeks to contain inflation, which reached 90 percent last year.

Caution has marked reporting on the strikes in Yugoslavia's state-

supervised media. But Tanjug indicated that more labor unrest was likely, noting that the wage freeze has not yet hit about 150,000 workers in Serbia, 50,000 in Kosovo and 27,000 in Montenegro.

A report in the daily newspaper Borba said 2,000 people had jammed the corridors of a major medical center in Zagreb during a work stoppage there and demanded to know why their wages would go down 18.7 percent a month for February, March and April.

The government's freeze specifies that workers be paid according to productivity and stipulates that

See STRIKES, Page 2

Runcie in Joint Pact On Waite

Tehran Replies To Archbishop's Hostage Offer

The Associated Press

NICOSIA — In an exchange of letters, the Archbishop of Canterbury offered to try to determine the whereabouts of at least one Iranian missing in Lebanon since 1982, and Iran promised to help find Terry Waite, the missing Church of England envoy.

The texts of the two letters were

read Monday over Tehran radio. The radio, monitored in Nicosia, did not say when the letters were sent.

Tehran radio said that Archbishop Robert Runcie offered to help find three Iranians missing in Lebanon, but his office in London said that the proposal involved a single Iranian.

In Paris, meanwhile, Anis Naccache, a convicted Lebanese terrorist, called on the Revolutionary Justice Organization on Monday to spare the life of Jean-Louis Normandin, a Frenchman whom the pro-Iranian organization has threatened to execute.

Mr. Naccache asked the group "in the name of our common struggle to spare the life of the innocent Normandin." Agence France-Presse reported.

The Revolutionary Justice Organization said Saturday that Mr. Normandin, who was captured on March 8, 1986, had been tried and the sentence to execute him would be handed down within 48 hours. By Monday night there had been no word on his fate.

A French Foreign Ministry spokesman said in Paris that the Monday night deadline set by the Revolutionary Justice Organization was the moment when the sentence against Mr. Normandin would be revealed and was not a deadline for the hostage's death.

"No time was given for an execution," the spokesman said, speaking on condition that he not be identified.

Mr. Naccache, 33, is serving a life prison term for the attempted assassination of a former Iranian prime minister, Shapur Bakhtiar, in 1980.

The Revolutionary Justice Organization had demanded clarification from France over a statement made Tuesday by President Francois Mitterrand. Mr. Mitterrand seemed to reject a pardon for Mr. Naccache and said that France would continue to sell weapons to Iraq.

Mr. Mitterrand said months ago that he would be willing to pardon Mr. Naccache if all French hostages in Lebanon were freed at one time. But on Tuesday he appeared to retract that possibility.

Lebanon's top-ranking Shiite Moslem cleric said shortly before the Monday deadline that Mr. Normandin probably would be spared.

"I have conducted difficult negotiations to save the life of hostage Jean-Louis Normandin," said Sheikh Mohammed Mehdi Shamseddine, vice chairman of the Higher Shiite Council, which governs

See HOSTAGES, Page 2

Right Gains 9 Seats in Finnish Vote

HELSINKI — Conservatives gained nine parliamentary seats in Finland's general elections over the last two days and appeared set to rejoin the government after 21 years in opposition, officials said Monday night.

With 98.8 percent of votes counted, Prime Minister Kalevi Sorsa's Social Democrats had lost just one of the party's 57 seats in the 200-seat Eduskunta, or parliament, despite a 2.2 percentage point drop in support.

The Social Democrats took 24.3 percent of the vote, the conservatives 23.2 percent, the Centrists 17.7 percent, the Communists 13.6 percent and the Greens 4.1 percent. The rest of the vote was divided among minor parties.

Ilkka Suominen, the leader of the conservative National Coalition Party, celebrating his party's record 33 seats in parliament, said, "We look forward to getting into government after 21 years in opposition."

He added, "I can't imagine how this result can keep us out."

Despite early pledges that he would resign if his party fared badly, Mr. Sorsa said that protracted negotiations would be necessary

See VOTE, Page 6

Dutch Port Is Shaken by Labor Strife

Layoffs Are Key Issue in 9-Week Rotterdam Dispute

By Peter Maass

International Herald Tribune

ROTTERDAM — The world's largest port is in trouble.

A series of strikes in Rotterdam has slowed activity in the general cargo sector for the past two months and caused concern throughout the rest of the port.

Employers fear the labor dispute could harm Rotterdam's reputation and drive business away to Antwerp or Hamburg.

"In the long run, the union will just destroy its own employment," said Jacques Schouten, chairman of the port employers association. "When we become too expensive, and when we don't provide the right services, customers will go to other ports."

But Bert Duijms, spokesman for the transport union, blames the

employers association for the strike and says that any harm done to the port's business will only be temporary.

"This hurts the reputation of Rotterdam," he said, referring to the nine-week labor dispute, which was sparked by the association's move to lay off 350 workers in the general cargo sector.

"That is bad for us," he said, "but after the strike action is finished the customers will return to Rotterdam."

Strikes by about 4,500 workers in the general cargo sector have caused approximately nine million guilders (\$4.3 million) in lost income from ships now calling on other ports, the employers say. Truckers and railroads are also losing millions.

The stakes in the dispute are

much higher than the immediate impact on the Rotterdam port, which employs about 11,000 people and handles about 250 million tons of cargo a year.

In general terms, Rotterdam is the country's economic heart. Business generated by the port — rail traffic, trucking, the petrochemical industry and banking — may account for 10 percent of the Dutch economy, according to Mr. Schouten. Every job in the port may create as many as 10 jobs in other sectors, he said.

If the labor dispute is not speedily resolved, and if the port's business erodes, then the rest of the country will feel the pinch.

"Nobody knows precisely how Rotterdam affects the Dutch economy," said Mr. Duijms. "But this

See PORT, Page 2

In Portugal, a Chafing With Modernity



Shoppers walking down a crowded street in the Portuguese capital.

By Edward Schumacher

New York Times Service

LISBON — On a narrow cobblestone street in this capital of peeling paint and faded glories, about 30 Portuguese wearing heavy shoes and cloth caps were huddled in a small bar one night recently singing of loyal mothers, lost loves and better times.

As one after another opened his heart and poured out his soul over three-cent cups of rough wine, Carlos Reis, 73, could resist no longer. He said his doctor had prohibited him from singing because of a bad heart, but the music was *fado*, Portuguese folk music, and so Mr. Reis closed his eyes and began to the strum of a guitar.

"I don't pass the night well without *fado*," he sang, his voice clear and sonorous. "I don't pass the night well without wine."

It was a haunting echo of a melancholy that permeates all of Portugal, a country of 10 million people. The Portuguese call it *saudade*, which is defined as a peculiarly Portuguese phenomenon that means part nostalgia for the past, part longing for the future and part uncertainty about the present.

In the second year of Portugal's membership in the European Community, and the 13th year since a revolution brought democracy to the country, it is that uncertainty that to an outsider seems to grip the nation.

Both in and out of the Social See PORTUGAL, Page 2

Cynically, Madison Ave. Waives Flag

By Richard W. Stevenson

New York Times Service

NEW YORK — Madison Avenue, which if nothing else strives to stay in tune with America's moods, is abandoning the warm, patriotic themes that were widely used in advertising for several years.

Advertisers instead are returning to an old-fashioned emphasis on product quality or are giving their commercials an attention-grabbing, high-tech music video look. And here and there, a new theme is emerging: sometimes cynical, sometimes skeptical view of the world.

The change began in the middle of last year, when many ad agencies determined that commercials employing flag-waving images were overused. But advertising experts say it has picked up speed in recent months as scandals on Wall Street and President Ronald Reagan's difficulties in the Iran-contra affair have raised the level of skepticism about leadership and institutions.

Advertising based on patriotic or all-American imagery "should very soon disappear completely now that the president's popularity is slipping and people

are having second thoughts about whether we're as great as we thought we were," said David Vaden, president of Video Storyboard Tests, a New York research concern that tracks the popularity of television commercials.

"Do an American flag count in advertising, and you'll see that there are a lot less than there were a year ago," said Jerry Della Femina, chairman of Della Femina Trivisono & Partners, a New York ad agency. "You're going to see advertising that's a little more biting, a little tougher, a little more cynical."

The most visible example is the campaign created by the Della Femina agency for Isuzu cars and trucks. It features a smooth-talking salesman whose outrageous lies are caught and corrected by subtitles on the television screen.

One of the most popular and talked-about campaigns in years, the "liar" commercials first began to appear last summer, before the Iran-arms affair, broke and the Ivan F. Boesky insider-trading scandal was disclosed. Similar commercials have been made since

See ADS, Page 6

600-Ship U.S. Navy Is Almost Here, and So Are Upkeep Bills

By George C. Wilson

Washington Post Service

WASHINGTON — A 600-ship U.S. Navy is almost here. It will include many of the newest and best ships and submarines in the world and will be staffed by some of the highest quality officers and sailors in peacetime history.

For President Ronald Reagan, who promised to expand the U.S. fleet from 456 ships when he took office in 1981 as part of his \$2 trillion armament program, that is the good news.

The bad news is that the next president may find this fleet too expensive to maintain, arm and staff, particularly because so many of the 600 ships are so old that they will have to be replaced or renovated at great cost.

Aircraft carriers, which are the most expensive of all ships at between \$3 billion and \$4 billion each, not counting the airplanes that go on them, illustrate the inevitable collision with fiscal realities.

The navy's master plan calls for 15 aircraft carrier battle groups consisting of the carrier and an assortment of escorting warships and supply vessels.

The navy would like to retire carriers at age 30, rather than renovate them at a cost of about \$1 billion each for an additional 15 years of service. By 1991, midway in the new president's term, nine of today's 15 carriers will be 30 years old or older, although at least three will have been renovated.

Navy Secretary John F. Lehman Jr. says the answer to this "block obsolescence" is for Congress to "vote money for one new carrier every three years for the indefinite future."

The navy is requesting \$1.4 billion in the fiscal 1988-89 military budget as a down payment for two more carriers of the Nimitz class, projected to cost a total of \$7 billion.

The Senate's first hearing on the request last week indicated that the issue would turn on whether the lawmakers conclude that new carriers will be cost-effective.

A defense analyst, Edward N. Luttwak, told two subcommittees

of the Senate Armed Services Committee that it would be ridiculous to keep building Nimitz class carriers in light of the anti-ship weapons that will be deployed in the next century.

Secretary Lehman rejected the allegation that carriers were sitting ducks.

"You buy the carriers to protect everybody else," Mr. Lehman said. He added that Moscow has followed the U.S. Navy's lead, saying "they just built a supercarrier" of 75,000 tons, their biggest yet.

"We don't know how to sink that carrier," he said. Nimitz class carriers displace more than 90,000 tons.

Veteran Pentagon bureaucrats predict that the debate generated by the navy's two-carrier request is only the beginning of intensified interservice rivalry for funding.

Robert W. Komer, a Pentagon policy planner in the Carter administration, has said the \$7 billion requested for carriers should be invested in the army because the prime threat from Moscow is war on land, not at sea.

As for the navy's argument that only carriers can launch pads for air power in many areas of the world, Mr. Komer contended that B-52s warplanes based in the United States "have greater targeting flexibility" than carrier-based planes.

The navy has issued a list of 605 ships it will have by 1989, but the General Accounting Office questioned whether the navy's 600-ship goal was sailing out of reach. The navy's list already includes some clunkers, such as four nonnuclear attack subs and three old minesweepers that were not in the originally advertised 600-ship navy.

The gap between the 600-ship goal and reality will be 5 percent in 1995 and 7 percent in the year 2000, the GAO said last year on the basis of a study that is still secret.

"Largest deviations would be in surface combatants and attack submarines," the GAO projected. "Surface combatant and amphibious lift capability shortfall will continue on through the year 2000."

New York Congressman Is Indicted for Bribery

By Dody Tzanzer

Washington Post Service

NEW YORK — Representative Martin Biaggi, Democrat of New York, and Maude Espósito, Brooklyn's former Democratic Party leader, were indicted Monday on federal charges of bribery and conspiracy.

They were accused of using their influence to help a Brooklyn ship repair company win government contracts.

The seven-count indictment, filed in Brooklyn federal court, accuses Mr. Biaggi, 69, and Mr. Espósito, 80, of trying to gain favorable treatment from the U.S. Navy, the Coast Guard and New York City for Coastal Dry Dock and Repair Corp., based in the Brooklyn Navy Yard.

According to the charges, Mr. Biaggi, a ten-term congressman and chairman of the House merchant marine subcommittee, received a two-week vacation in Fort Lauderdale, Florida, during the 1984 Christmas holidays, paid for by Mr. Espósito. The trip was allegedly in return for helping to speed government payments to Coastal Dry Dock, and other actions between March 1984 and June 1986.

The indictment said Mr. Espósito, Brooklyn's political leader from 1969 until his retirement three years ago, financed the vacation because Coastal was one of the largest clients of his insurance company, Secor, Visono & Rice Inc.

In a statement issued by his Washington office, Mr. Biaggi said, "I maintain my total innocence of all charges and reiterate that I have engaged in no criminal wrongdoing."

Mr. Biaggi is also charged with trying to influence "the decisions and actions of departments and agencies of the United States and other members of Congress."

The indictment specifically accuses Mr. Biaggi of approaching the mayor of New York, Edward I. Koch, unnamed deputy mayors, an unnamed senator and a Coast Guard officer.

Mr. Biaggi also was charged with obstruction of justice for allegedly calling Mr. Espósito on June 2, 1986, and urging him to give false information about his dealings.

If convicted, Mr. Biaggi faces up to 32 years in prison and a \$250,000 fine. Mr. Espósito faces a possible 27-year term.

Madison: From Obscurity to Bicentennial Spotlight

By William K. Stevens

New York Times Service



MONTPELIER STATION, Virginia — For a century and a half, the Father of the Constitution has lain here in an out-of-the-way corner of the Virginia Piedmont's red-dish soil, mostly out of the world's sight and mind.

The stone obelisk flanked by magnolia trees in the tiny graveyard at Montpelier, the 2,700-acre (1,100-hectare) estate of the fourth president of the United States, is inscribed simply "Madison."

There, the stark, skeletal branches of hardwood trees swayed in a raw wind against a slate sky, accentuating an air of chronic obscurity and loneliness. For a man whose imprint is on the U.S. Constitution more than any other, James Madison has always been in the background, outshone both in his time and in history by more charismatic names and personalities like Jefferson and Washington.

But now, in the 200th anniversary year of the constitution, it is Madison's hour. The spotlight was his on Sunday, as thousands of people braved the cutting rain to honor the man and resurrect his somewhat forgotten image. It was on him again on Monday, the 236th anniversary of his birth.

On Sunday morning, in the biggest and most important event so far of the constitution's bicentennial celebration, a crowd estimated at more than 5,000 flooded the swales in front of the columned mansion. They watched drills and parades by soldiers in Revolutionary uniforms. They watched video presentations about Madison and the making of the constitution.

And, in the afternoon, they moved to the usually deserted cemetery to watch dignitaries, one after the other, lay 10 wreaths at the foot of the obelisk.

The road to Philadelphia began at Montpelier. A.E. Dick Howard, a University of Virginia law professor who is the chairman of Virginia's bicentennial commission, told the crowd. And so, he had said earlier, does the bicentennial celebration itself.

In two months, the spotlight of the observance will shift to Philadelphia for the anniversary of the convening of the Constitutional Convention of 1787.

Madison is widely regarded as the commanding figure in that convention. His small stature, weak speaking voice and usual diffidence notwithstanding, according to various accounts, he dominated the proceedings in many ways.

He is considered to have arrived in Philadelphia in May 1787 having thought out

more thoroughly than any other delegate the main problem facing the convention: how to provide a strong and effective central government for the young nation while protecting the interests of the states and insuring that central power would not be abused.

As the main author of the Virginia Plan, he exercised the power of the first draft, setting the terms of debate. The plan's essential features, including the separation of powers among branches of government and the attendant checks and balances, were eventually adopted.

Madison kept the most detailed records of the convention. He is said to have intervened successfully, through the sheer power of intellect, at many critical points in the debate. And like many of his contemporaries, he took a restrained view of human possibilities in trying to devise a constitution that would safeguard men both from those who seek power over them and from themselves. "If men were angels," he said, "no government would be necessary."

Later, as a principal author of the Federalist Papers, he was a major force in the ratification battle. And as a member of the first Congress, he drafted the Bill of Rights. "More than any other man," Mr. Howard said, "he brought the constitution into being."

Despite Curbs, Managua's Black Market Flourishes

By Stephen Kinzer

New York Times Service

MANAGUA — As the sun breaks over Managua each day, thousands of enterprising vendors from the countryside make their way to city markets, laden with everything from meat and fruit to shoes and shampoo.

Some of Nicaragua's Sandinist leaders have denounced these vendors as unscrupulous black marketers seeking to profit from the country's economic troubles.

The police make regular sweeps through Managua's markets, confiscating goods being sold in unlicensed stalls. Roadblocks have been set up along main highways to prevent vendors from reaching Managua. But none of these tactics has been successful, and illegal vendors now play a more vital role than ever in supplying the daily needs of Nicaraguans.

Many vendors are farm laborers who once worked on the land growing food, but now find that they can make more money buying it from others and reselling it.

Some government officials say it no longer makes sense to try to fight them. Although policy debates within the government take place out of public view, there are indications that the question of how to deal with the growing black market has produced strong differences of opinion.

One influential economist in Managua, the Reverend Xavier Gorostiaga, who heads a pro-Sandinist research institution, finds some good in the black market.

"Trying to regulate the market in a time of scarcity is to ignore basic market laws," he said. "The informal sector should not be rejected as evil, and the vendors should not be condemned as being corrupt. The situation cannot be resolved by police measures. We are trying to educate people, including in the government, on this point." The contrast are the U.S.-backed rebels



Vendors arriving in Managua with their goods, much of it to be sold on the black market.

fighting the Nicaraguan government. Some Sandinist leaders are clearly frustrated that their effort to guarantee basic amounts of food to everyone at modest prices has not been more successful.

"Everyone in the country is part of the speculative chain," said Luis Carrion Cruz, the top Sandinist organizer in Managua. Under Nicaraguan law, most be-

lieve the government should be sold to the government for distribution at low prices. But many farmers do not turn over all their produce to the government because they can earn much more money by selling it privately.

The rice, beans and corn that they grow are among the products that is unloaded in Managua every morning from pickup trucks, buses and railroad boxcars.

In Masaya Province, the government pays 7,000 cordobas, about \$3, for a 50-pound (22.6-kilogram) bag of corn and sells it for 8,000 cordobas.

But there often is no corn available at government stores because farmers have illegally sold much of their crop to vendors who can get 30,000 cordobas for a 50-pound bag at the Eastern Market in Managua.

Uruguayans Protest Against Amnesty

By Bradley Graham

Washington Post Service

MONTEVIDEO — Along the avenues of this capital, volunteers at makeshift stands are collecting signatures on a petition to overturn an amnesty granted military officers involved in Uruguay's former war on subversion.

A law adopted in December has allowed the president to cancel trials of military personnel for murder, torture, kidnapping and other crimes committed when the armed forces ruled from 1973 to 1985.

The measure, adopted after months of tense and sometimes violent debate, was meant to avoid a confrontation with the military, to offer a 1985 amnesty for the Tupamaro guerrillas and thus to close the door on the past.

Instead, the government now confronts a vocal movement of leftist parties, labor unions, student groups and independent citizens opposed to any pardon for abuses by security forces in the suppression of leftist dissent.

What to do about the armed forces has been a dilemma faced by

many of the new democracies that have replaced military governments in 10 Latin American nations since 1979. In all instances but one, security forces have returned to their barracks without trials. Only Argentina has chosen to prosecute some officers.

Here, the balancing of pragmatic against ethical concerns has weighed heavily on the political establishment since President Julio M. Sanguinetti, a civilian, took office in March 1985, ending 12 years of military rule.

"I personally believe that military trials are incompatible with a climate of institutional stability," the president said in an interview. He termed the amnesty an "acceptable cost" to pay for institutional calm.

"He's miscalculated the feelings of the Uruguayan people," said Alberto Perez Perez, professor of constitutional law and an organizer of the petition drive. "Above all, people want justice. You can't just say, 'Forget it,' and expect people to forget about all those killed, the children kidnapped."

The petition campaign, started

Feb. 22, aims at annulling the amnesty. It needs 550,000 verifiable signatures representing 25 percent of the electorate, the minimum required for the public to call a referendum under a clause, never before used, in the 1966 constitution.

Backing the drive are the Broad Front, a leftist-controlled coalition with members in Congress; the Tupamaros, the Communist-managed trade union federation; and others.

Petition organizers acknowledge that it may be difficult to reach the target figure. Although polls indicate that from half to two-thirds of Uruguay's 2.2 million voters oppose the amnesty, many people are afraid to sign for fear of military retaliation.

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N.Y. Couple Funnels Aid To 'Poorest Of the Poor'

By Kathleen Teltsch

New York Times Service

NEW YORK — With a \$100 contribution, a group of impoverished women opened a bakery on the outskirts of Nairobi. Another \$100 helped five young women in Nepal turn out cloth dolls for sale to tourists. And a similar donation put unemployed workers into business marketing rice fritters in Tanzania.

All were beneficiaries of Trickle Up, a foreign aid program that, in the words of its co-founder, Glen Leet, seeks to "help the poorest of the poor." The grants it gives are limited to \$100, which Mr. Leet points out is about the cost of a nice dinner for two at a New York restaurant.

While the program has expanded steadily since he and his wife, Mildred, founded it eight years ago, they have managed to keep costs to a minimum by doing most of the administrative work from their New York home, which is crisscrossed with four computers.

The Leets do not spend time raising funds, but word of the undertaking has spread. A check for \$100,000 arrived recently from a Westport, Connecticut, couple the Leets had never met and listed as an anonymous benefactor. They have had a few small grants from foundations, the United Nations and governments.

Such assistance has enabled them to provide \$100 grants to more than 3,000 small groups. They calculate that this \$300,000 in aid has had direct impact on the lives of at least 12,000 poor families.

But in many instances, help from Trickle Up has brought employment to many more individuals and improved conditions for entire communities. Later this month, the Leets will visit the Caribbean, where the Trickle Up program began in 1979 and still operates in nine countries.

FDA Panel Backs a Drug For Baldness

The Associated Press

ROCKVILLE, Maryland — An advisory committee recommended Monday that the Food and Drug Administration approve a pharmaceutical company's request to market a drug to treat baldness.

The unanimous recommendation by the five-member committee is viewed as a forerunner of formal FDA approval in a few months.

In recommending approval, the committee urged FDA officials to make sure that labeling for the drug, Minoxidil, emphasizes that it will not grow hair for everyone.

Upjohn Co. officials told the advisory committee Monday that clinical trials showed that about half the people using the drug grew a significant amount of new hair.

The officials said they had found no serious side effects among more than 2,000 people who took part in the trials in 27 U.S. cities. Most of the few side effects involve itching and dryness of the scalp, they said.

Upjohn officials said the drug, which they plan to market in the United States under the trade name Rogaine, cost the equivalent of \$45 for a month's supply in Canada, where it has been on the market since October. The officials declined to say how much it would cost in the United States.

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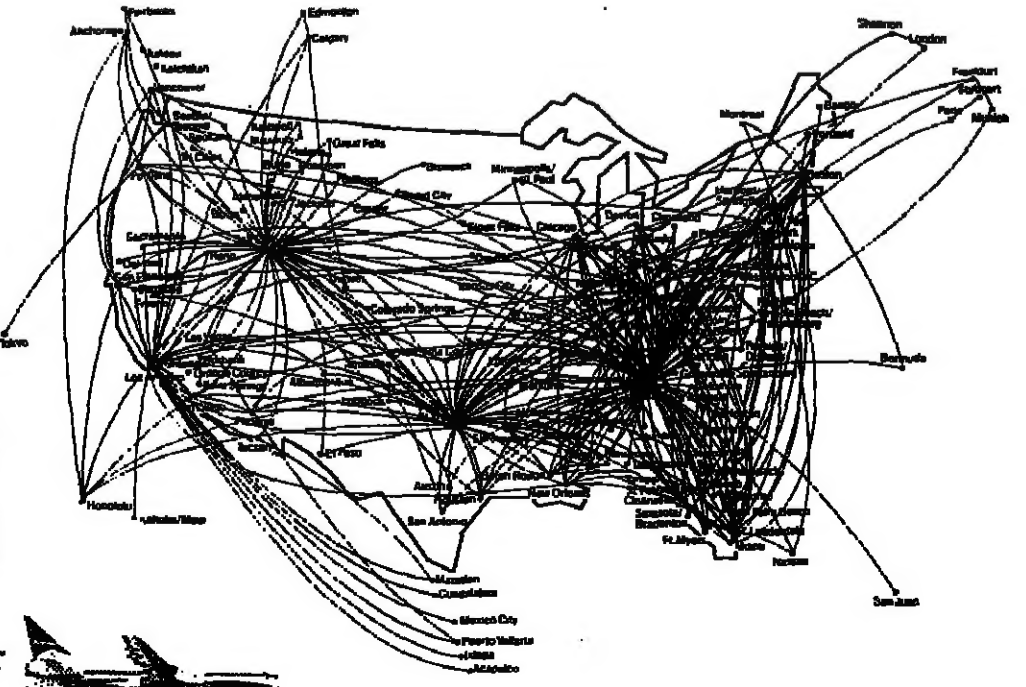
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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Hope for Afghanistan?

In Moscow a few weeks ago, Henry Kissinger heard a senior Russian say something unexpected about Afghanistan: that the Soviet-backed regime in Kabul was not really communist or even technically socialist. This distancing will come as a surprise to the Afghan regime, which swears by Lenin, boasts a red flag and carries out blood purges over ideology.

Based on this and other unorthodox remarks, Mr. Kissinger says he is no longer so sure that Moscow would never permit the overthrow of an Afghan regime established by Soviet power. He proposes two sensible conditions for testing Soviet seriousness about ending this eight-year-old war. One is a six-month deadline for withdrawing 100,000-plus troops. The other is a post-occupation regime established without the threat of another Soviet invasion.

The tests are useful for judging the latest moves in Geneva at peace talks managed by a never-give-up United Nations mediator. The other day, Moscow pared down its withdrawal timetable to 22 months; the Kabul regime now says 18 months will suffice. That is three times the six months that Pakistan insists is enough. Still, it is significant, as the United Nations' Diego Cordovez contends. And since there is agreement on the rest

of the package, it might seem, to recall a phrase, that peace is at hand in Afghanistan.

The catch is that the Afghan resistance has had no seat at these negotiations. Its leaders would be understandably hostile to any agreement, reached over their heads, that would end the vital flow of American arms through Pakistan in return for a Soviet pullout. Their participation is essential to bring about the return of 5 million Afghan refugees from Pakistan and Iran, and to create a post-occupation regime of national reconciliation. If Mikhail Gorbachev wants a decent end to this war, and friendly ties with a nonaligned Afghanistan, these are adversaries he will have to address.

It is far from clear that Mr. Gorbachev is ready to stop this war if the price is the overthrow of a Soviet-enthroned regime. That would be the most dramatic Russian pullback since Soviet troops left Austria three decades ago. The fall of Kabul could be as humbling as the fall of Saigon was for the United States. Yet by any rational calculus, Mr. Gorbachev stands to gain more by ending a predecessor's bloody blunder. This barbarous conflict has claimed up to a million lives, including those of as many as 30,000 Soviet soldiers.

—THE NEW YORK TIMES.

A Prince Extinguished

"Am I the Prince of Darkness, another Rasputin?" Richard Perle once jestingly asked a reporter. "Of course not. There are no strings to be pulled. About all you can do is persuade people." Mr. Perle, now resigning from the U.S. Defense Department, was so persuasive that for six years he has almost dominated Reagan administration policy on arms control talks and on trade controls over high-technology exports. The common passion of his pursuits is abiding mistrust of the Soviet Union.

As an aide to the late Democratic Senator Henry Jackson of Washington, Mr. Perle was instrumental in blocking Senate ratification of the SALT-2 nuclear arms agreement with the Soviet Union. Although only an assistant secretary of defense, he played a powerful role because of his political skills and the extensive delegation of arms control issues by President Reagan and Secretary of Defense Caspar Weinberger.

Asked last week to name his principal achievement, Mr. Perle cited a resounding negative: "We have passed through a difficult six years without concluding an arms control agreement that damaged our security."

Besides preventing new agreements, he did his best to kick down the existing framework of arms control. He persuaded Mr. Reagan to repudiate the SALT-2 treaty, the numerical limits of which had been observed until last November. He has advocated steps that would undermine the anti-ballistic missile treaty.

Most arms controllers, he contends, are too eager to reach agreement for agreement's sake, and thus have got the short end of the stick from the Russians. Good agreements must be "militarily significant, equitable, balanced and verifiable." Yet critics have regarded Mr. Perle's high standards as a pretext for no agreements at all, and his obstruction as refusal to acknowledge that Americans must coexist with Soviet leaders, however little they trust them.

Against the generally dim background of an administration scarce on high-level talent and expertise, this "Prince of Darkness" has shone brightly. But his guiding light was mistrust, and in undermining more than he built he pressed a useful caution to sometimes harmful extremes.

—THE NEW YORK TIMES.

Improved Trade Bills

The trade bill taking shape in the House Ways and Means Committee represents striking progress in the right direction. The starting point was the Democrats' atrociously protectionist bill last year, which fortunately never got very far. This year one of its sponsors, Senator Lloyd Bentsen, has become chairman of the Finance Committee and is proceeding with a greatly changed and far less xenophobic version. Another of last year's authors, Chairman Dan Rostenkowski of Ways and Means, is now going forward with a somewhat different but similarly improved bill.

The politics of trade this year seems to be pulling toward the center of the road. Because of the enormous increase in the American trade deficit over the past year, under different leadership this legislation might easily have gone rapidly the other way. Both bills contain things that ought to be dropped, concessions to the lobbyists that simply want to keep imports out. But both, at many points, would usefully adapt tangled trade laws to the current realities of world trade.

The House bill in particular has grave hazards ahead of it. Mr. Rostenkowski has greatly diluted Richard Gephardt's offensive provision to launch trade wars with the countries running big trade surpluses — Japan, West Germany, South Korea and Taiwan. Mr. Gephardt wants his language

restored in full force, and so do his allies in the labor movement. Beyond that danger lies the terrible bill — protectionism in its pure, 200-proof form — whose authors hope to attach it to Mr. Rostenkowski's bill.

But the central dilemma of trade legislation is that it always promises more than it can deliver. The stated purpose of these bills is to get the trade deficit down, and it is more than they can do. Trade legislation can make the rules of international commerce fairer, and that always a valuable contribution. It can affect the distribution of the trade deficit, helping some industries and hurting others. But the size of the deficit is set by broad economic policy — the size of the federal budget deficit, the level of interest rates, the willingness of people to save and invest. These trade bills will not reach those basic factors.

As most congressmen know, but wish they didn't, the most important trade legislation they pass this year will be the budget resolution. The trade and budget deficits are likely to move pretty much in tandem this year. If Congress wants to get the trade deficit down, it will have to work on the budget deficit. Trade bills change the rules of the game, and those rules are crucial to many industries' health, but the causes of the swollen trade deficit lie elsewhere.

—THE WASHINGTON POST.

Values in the Schools

The judge's decision in the Alabama schoolbook case is, as lawyers say, profoundly and irreversibly wacky. But it touches a serious question: What moral values should a public school reflect? Many schools have succeeded in scrubbing all of the traditional religious references out of their curricula, leaving only a mushy indirection on matters of basic morality.

Legally, this whole proceeding is a genuine oddity. It began when a parent went to court six years ago to protest an Alabama law that encouraged prayer in classrooms. Judge W. Brevard Hand concluded that the Supreme Court had been wrong all these years and the Alabama law was unconstitutional. He went on to say that, if he were overruled and told that religion must be kept out of the schools, he would reopen the whole question to see whether secular humanism was not also a religion.

This suit was the consequence. Judge Hand has now found that some 40 common schoolbooks are infected with secular humanism, whatever that is, and he has banned them from Alabama's public schools.

He convicted those books of the wrong

charge. Most are guilty not of promoting secular standards but of offering no standards at all. Publishers, terrified of offending any point of view, have stripped them down to a level of vacuity that deserves to be considered criminal, if not in the legal sense. The judge is wrong about much, but he is right in observing that it is impossible to give a coherent account of American history without reference to religious belief.

No religious community is ever going to be satisfied with the public schools' handling of the deep questions of faith and ethics. That is why churches, synagogues and mosques run their own programs for children. The U.S. Constitution was not written by atheists but by people who held deep convictions of their own and wanted to ensure that other faiths would never be able to use public institutions to oppress them. That was a valid concern in the 18th century, and it is no less valid now.

But the Constitution does not require schools to avoid all descriptive reference to religion or to suspend judgment on all questions of moral conduct. A judge has given a ludicrous answer, but it is a real question.

—THE WASHINGTON POST.

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Dare They Pull Down That Wall In Berlin?

By Dimitri K. Simes

WASHINGTON — Imagine for a moment that the Soviets decided to stage the ultimate East-West public relations coup: tearing down the Berlin Wall. Impossible? Unthinkable?

Mikhail Gorbachev is a leader who makes unthinkable things happen. He has returned Andrei Sakharov to Moscow without preconditions, restoring Mr. Sakharov's political legitimacy by personally phoning him in Gorky. Hundreds of other dissidents have been freed as well. He has begun a crusade against the Soviet bureaucracy, which for decades acted as a de facto government immune from pressures from below and often to orders from the top. He has initiated economic reforms, offering a limited role for private enterprise with the potential for improvement in the situation of Soviet consumers.

In the field of foreign policy, Mr. Gorbachev has made proposals for drastic cuts in nuclear weapons, leading to their complete elimination, and he has offered a compromise over Afghanistan. However, these initiatives have not accomplished tangible results, so the general secretary and his aides are in search of new approaches to impress the West.

Brainstorming is in fashion in Moscow these days, and ideas most unbelievable by standards of the past are being debated by Kremlin insiders and on occasion tested on foreign visitors. One can never be quite sure which represent a genuine trial balloon and which are mentioned for public relations purposes. Still, we have enough experience with Mr. Gorbachev not to dismiss anything out of hand. So how is this for starters: The Soviets are signaling that they may dismantle the Berlin Wall.

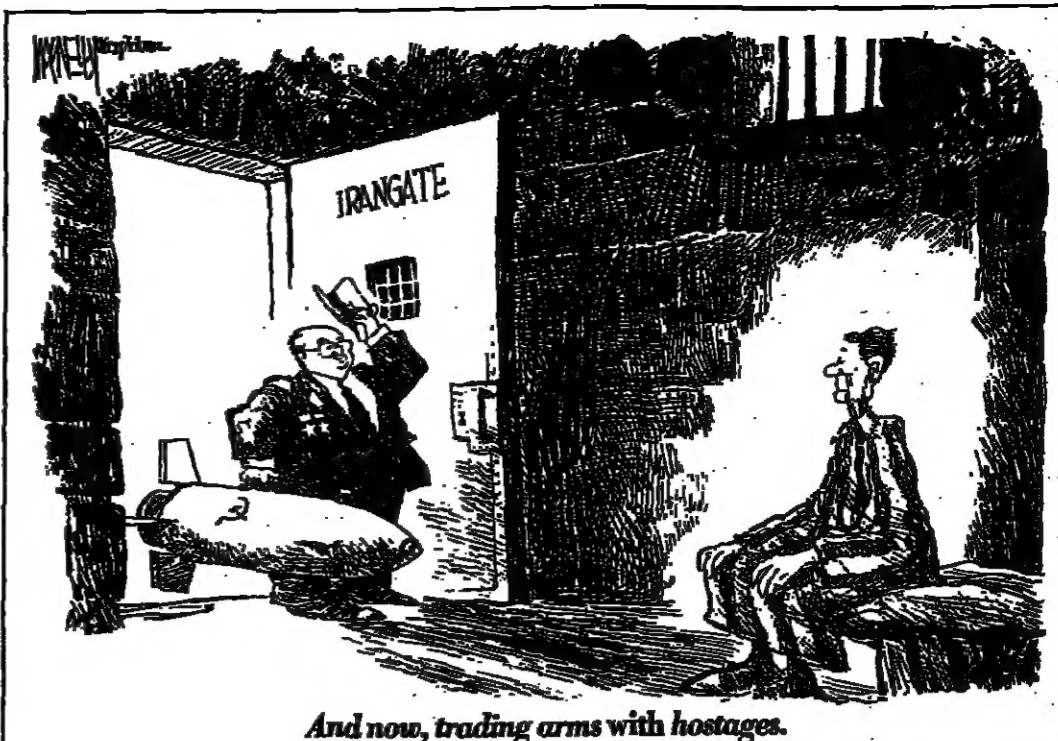
No greater symbol exists of everything threatening and repulsive that the Soviet Union is associated with in the Western mind than the Berlin Wall. The impact of its destruction cannot be overestimated. The image of the "Evil Empire" would disappear overnight. Mr. Gorbachev would instantly establish himself as a champion of peace and freedom.

In the United States, the Reagan administration, already on the defensive, would find itself under tremendous pressure from the political center and from advocates of arms control to accommodate Mr. Gorbachev. New admiration for Soviet boldness on behalf of peace coupled with budgetary pressures would result in major cuts in defense appropriations. President Reagan would be confronted with a choice: to join the arms control bandwagon, sacrificing his dream of a strategic defensive shield, or to become hopelessly out of touch with the national mood.

In Western Europe, neutralist, anti-nuclear sentiments would become the order of the day. Conservative governments in Britain, Germany and especially in France would make an effort to put the destruction of the wall in perspective. They would point out that the Soviet Union maintains an awesome power and those living in its shadow cannot afford euphoria. But even the Kohls, the Chiracs and the Thatchers, being practical politicians, would accept that standing in the way of a hurricane is not a viable option. A new European détente, on Soviet terms, would develop an unstoppable momentum, at least for the time being.

If Mr. Gorbachev, in addition to destruction of the wall, proceeded with a comprehensive package of nuclear and conventional disarmament and called for a gradual dismantling of NATO and the Warsaw Pact, the Western alliance might be shattered.

Pulling the wall down would not require the Soviets to surrender a



And now, trading arms with hostages.

single inch of strategic real estate or to destroy a single weapon. And precedent exists in Hungary to indicate that if opening the doors is coupled with a medium of economic prosperity and political tolerance, most do not rush to escape to the West. Hungarian citizens are almost universally free to travel abroad. The vast majority of them opt to return home.

Nevertheless, don't hold your breath waiting for the wall to come down. To order its dismantling would be far more daring than anything Mr. Gorbachev has attempted. Enormous risks associated with removing the Berlin Wall illustrate how difficult it will be for him to shape a more benign Soviet foreign policy.

The gravest threat to Mr. Gorbachev does not come from his colleagues. Politburo members, whatever their misgivings, are well aware that premature opposition might be damaging to their political health. The danger to Mr. Gorbachev comes primarily from unintended consequences of his reforms. Being awarded a taste of freedom, people applied only so long. Sooner or later — as recent events in China remind us — a society that is encouraged by a climate of greater tolerance begins asking for things the authorities may not be prepared to grant. And that may be a prescription for trouble.

East Germans cannot be relied upon to watch calmly the destruction of the wall and then go back to their jobs and homes. Upon crossing the border, they are automatically entitled to West German citizenship. There, living standards are higher by far, and there is the lure of political freedom. Furthermore, no one could be certain how long the right to leave would be respected. Accordingly, there could be a virtual flood of East Germans to the Federal Republic.

As Germans Prosper, Russia Looks to America

THE wholesale redrafting of the political order in Europe that would follow a hasty American disengagement worries the Kremlin.

The first concern is about Eastern Europe. Removing U.S. troops from the West would make it very much harder to justify the continued presence of Soviet troops in East Germany, Czechoslovakia, Poland and elsewhere. Eastern Europe is causing problems enough. The East Germans have a large and growing church-based peace movement to contend

with, and the Czechs are visibly concerned about the effect of the Gorbachev reforms on a people who remember what happened to their own Dubcek government when they tried something similar back in 1968.

But there is another concern among Soviet analysts, who tend to think much further ahead than we do in the West. On the rare occasions when we consider the possibility of a Western Europe without an American presence, we talk of "Finlandization" or of some kind of British-

French nuclear force. The Russians think of a Fourth Reich.

It is hard to overestimate the degree to which Germany still dominates Soviet thinking about Europe. The Soviet insistence on the division of Europe between East and West was predicated largely on the strategic requirement to divide Germany and weaken it forever. It did not work. Soviet analysts are unconformably aware that by the end of this century, unless they can do something quite dramatic with their economy, the Soviet Union will be the world's fourth industrial power, after the United States, Japan and West Germany. On current trends, the Japanese economy should be bigger within about six years, and the West German should overtake the Soviets in about 12.

The general pattern of German growth and Soviet stagnation has revived the old nightmare. The country with the largest and best equipped army in Western Europe is poised to become the U.S.S.R.'s economic superior. And we should not forget, because the Russians do not, that by their own actions East Germany alone has become one of the world's 10 most powerful industrial states.

To prevent German reunification remains one of the overwhelming priorities of Soviet foreign policy. In Russian experience, a powerful Germany has always been a mortal threat. In spite of the decisive defeat of 1945, even a divided Germany now looms in Europe again.

It was the Germans who taught Russia about realpolitik. The realpolitik of modern Europe is that the best guarantor against a military revival of Germany remains an American presence. Whatever Soviet Moscow sees in the British Labor Party's platform, hasty expulsion of U.S. nuclear bases is not one of them.

—Martin Walker in The Guardian.

Open Doors Will Change The Debate

By Flora Lewis

PARIS — The question on the cover of the French newsweekly Le Point is "Can we believe Gorbachev?" That is everybody's question now, and nobody can answer. Even if the Soviet leader is taken at his word, which many Russians do not do, can he deliver? Can he be trusted, and then what would Soviet policy be?

French officialdom is particularly wary, not just because the French are naturally skeptical. They would not like to see a full withdrawal of U.S. medium-range missiles from Europe in return for getting rid of SS-20s, for reasons that they cannot easily admit.

For example, Raymond Barre, a former prime minister and future presidential candidate, warns without a hint of irony about the danger of "decoupling" the United States from the defense of Europe. This comes strangely from a country that still insists almost unanimously on the Gaullist policy that kicked U.S. troops out of France, withdrew French forces from NATO and proclaimed a totally "independent" defense.

Underneath, the French establishment would prefer not to see a Soviet-American agreement for two reasons, although of course it would go down badly in public to come out against the very idea. The first is fear that if Soviet-American arms reductions really get moving, sooner or later demand will arise for France to join in paring down nuclear arsenals, and there will go the myth of independent security. The second is the lingering fear of Germany, no longer a potential enemy but as a superpower buffer if the Atlantic ties are loosened and West Germany is tempted to go its own way toward neutrality.

But these are specifically French headaches. Some other Europeans share the distaste of the NATO commander, General Bernard Rogers, for the "zero option" and would prefer to keep a small number of intermediate missiles. But they would much rather see a Soviet-American accord along the lines Washington proposes than none at all and resultant tensions of politically painful tensions.

All of this, however, only reflects how stock officialdom remains with old assumptions and how little it has thought about to deal with what really will be new if there is an agreement. That comes in the field of verification.

Little attention has been paid to the fact that both the United States and the Russians are talking seriously now about sending inspection teams not only to the United States but also to the Soviet Union, to check up on secret activities. The State Department has announced that the American plan on the table at Geneva provides for "on-site monitoring of certain critical U.S. and Soviet facilities for the production, final assembly, repair and storage of treaty-limited systems." It includes, for instance, inspection of other so-called "declared" U.S. and Soviet facilities, that is, those involved with medium-range missiles, allowed to remain in the Atlantic Soviet Union and in the United States.

Furthermore, Secretary of State George Shultz said such verification rules should be a precedent if agreements are reached on reducing other weapons, including the "biggest" ones. The Soviet chief negotiator in Geneva, Yuri Voronov, has announced that Moscow's new policy is to be "aggressive" rather than "defensive" about verification, giving and demanding as much information as the United States will accept.

This opens drastically new prospects. American workers and soldiers, as well as some Europeans, will be expected to get used to being inspected around to see what they are doing. That is what the question of "trust" will really mean: physically opening doors. Whatever Mr. Gorbachev plans, a well-inspected agreement will force a change of habits and then perhaps attitudes. The United States has every reason to hope for such a limitation on secrecy, so do Europeans. Then Mr. Gorbachev's intentions won't matter.

The New York Times.

Northern Tastes Without the Means

By Victor de la Serna

MADRID — Once the conservative farmer from La Mancha had heard the latest news out onto the roads to join mass demonstrations against Spain's agricultural policies, he paused to reflect: "Those little students have certainly taught us the only way to make this government listen."

So it has been for the last few months. One publication dubbed Madrid "the demonstration capital of Europe." Another suggested that radio stations, in addition to hourly news bulletins and weather reports, should provide affiliated motorists with regularly updated schedules and routes of demonstrations by farmers, miners, doctors and the assorted lot who seem to have taken possession of the city's thoroughfares. All of them have taken notice of the high school students and the allotment of 40 billion pesetas (about \$310 million) to improving secondary and higher education.

To this rash of protests, the most notable official reaction has been Prime Minister Felipe Gonzalez's assessment that demonstrations "are proof of a healthy democracy." But they are not. The fact that they are permitted is, indeed, a sign that freedom exists here. But their frequency, variety and, sometimes, violence are signs of deep dissatisfactions. They take place because all other channels are, or appear to be, blocked. Frustrations should find other ways out if the system were working properly.

If it is not, then it is due, paradoxically, to the amazing run of good luck the Socialists have had in their five years in office. A self-destructing conservative and Communist opposition has turned the Socialists' successive electoral efforts into victory parades, and the drop of oil prices and decline of the U.S. dollar have enabled them to get away with what otherwise would have been a catastrophic, inflationary upsurge of government spending. The government has not encountered a single serious challenge until recently.

As a consequence, the Socialists have overvalued their own merits and minimized the weight of favorable circumstances: a blatant case of the big head. This has led them to ignore those on the outside who want to be heard. Government decisions are routinely made in the ministers' back rooms and in Socialist Party think tanks.

Such usual counterweights as the chambers of parliament have been practically a decorative appendix of government since 1982. Individual initiatives and nongovernmental organizations that escape official control have been frowned upon or boycotted by government. The main theme in street demonstrations has not been dissatisfaction over salaries and economic issues, but rather a general outcry about the government's "deafness."

The key now will be the government's reactions to the discontent, which includes strikes, among them a general strike called by the Communist Workers' Commissions.

The Socialist cabinet (and Mr. Gonzalez himself) could be likened to the up-and-coming flyweight boxer who has had a string of easy knockouts but has never had to prove that he can take it on the chin as well as dish out punishment.

There is a note of welcome humility and a desire to make amends in the way student demands have been addressed by the authorities. But saying "yes" to every street challenge and committing scarce resources to quelling protests is not a sign of good government. The price (an outburst of inflation, more bankruptcies, less international competitiveness, more unemployment) will be paid somewhere down the road.

One of the characteristics of today's Spain is that, as a cabinet minister admitted in private, "We have become a northern European society in terms of needs and aspirations," but we can't afford them. This, he said, explained such paradoxes as the progressive disappearance, despite 21 percent unemployment, of the five-in-aids who were once common in a low-wage society. "Spaniards won't accept mental jobs anymore," he added, "they think too much of themselves."

There are tough decisions ahead if bankruptcy for the sake of social peace is to be avoided. It will be hard for a Socialist administration to deliver the bitter pills — and difficult to deliver them without having the streets erupt even more fiercely. Such will be the challenge for the next couple of years.

International Herald Tribune.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: The Maine at Rest

HAVANA — The wreck of the Maine was buried at sea today [March 16]. Ceremonies attending the final sinking of the battleship began last night at the American Club. Father Chidwick, who was the chaplain of the Maine, delivered the memorial address. Boxes containing the remains of bodies found in the wreck were taken to City Hall, where they lay in state during the night. Business was suspended today. There was a great display of American and Cuban flags entwined with crepe. Father Chidwick celebrated solemn requiem mass. The bodies were borne to the North Carolina, which is taking them to the United States. A procession of warships was then formed. A hollow square was formed by the ships around the Maine, which was covered with hundreds of baskets of roses. The wreck was then towed out to sea for her final burial.

1937: French Violence

PARIS — Six men were killed and about 300 wounded in a street battle last night [March 16], at Clignancourt, industrial suburb of Paris, when police and a "Black Guard" fought. Thousands of Communists attempted to invade a cinema filled with members of the former Croix de Feu organization, dissolved by the government last year. The rioting started just before 8 o'clock, when police met an advancing force of Communists and barred the way to the cinema. With almost continuous firing of revolvers and shotguns, the rioters, scrap iron, broken iron gates and other missiles falling on the police. Reinforcements of squads of mobile gendarmes were rushed to the suburb. Communist reinforcements came and before 10 o'clock the police reported serious casualties in the worst rioting since February, 1934.

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CANADA
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EUROPE
Paris, Berlin, Rome, etc.

INDIA
Bombay, Calcutta, etc.

JAPAN
Tokyo, Osaka, etc.

MIDDLE EAST
Tel Aviv, Jerusalem, etc.

RUSSIA
Moscow, Leningrad, etc.

SOUTH AMERICA
Buenos Aires, Rio de Janeiro, etc.

WESTERN EUROPE
London, Paris, Rome, etc.

WORLD
New York, London, Tokyo, etc.

OPINION

America's War on Drugs Has Yet to Be Declared

By A.M. Rosenthal

NEW YORK — The truth about narcotics in the United States is not that the country has lost the war against drugs. It is that it never really decided to get into it.

Drugs not only poison the lives of adults and adolescents but now, every day, cripple the minds of children, even 10-year-olds, 9-year-olds. We know what that means for the future of the country and the children. But as a nation, Americans still keep pushing the reality away, never really committing themselves. There is big talk about a war

which countries were not cooperating fully. It was a farce, but not funny.

The department did issue a report describing what was going on in country after country where opium and cocaine production is a major industry targeted straight at the United States or which are flourishing transportation networks for drug growers from other nations.

This is what it said about Mexico: "Mexico is the primary single country supplier of heroin and marijuana to the United States. Moreover, about one third of the cocaine consumed in the United States in 1986 transited Mexico."

And about Pakistan: "Production of opium increased in early 1986 to a range of 140-160 metric tons compared to 40-50 tons in 1984. This setback was a direct result of the government of Pakistan's failure to respond swiftly when faced with strong opposition by growers to its control policies."

And so on and on, country after country. Then it came to naming countries not cooperating, which would mean cutting aid. The department listed only Afghanistan, Iran and Syria, which do not get a nickel from America. That should be good for a few laughs in Tehran and Damascus and whatever Soviet office in Moscow is running Afghanistan.

It was conceded that two other countries were not "cooperating," Laos and Lebanon. But because of American "vital national interests" they escaped Washington's official naughty list. Over every country but the fearsome five, the department waved a forgiving wand.

It is pointless to blame officials of the State Department narcotics bureau. They simply reflect government attitudes. Not surprising or embarrassing a military ally like Pakistan or an important neighbor like Mexico by cutting aid is more important than fighting the "war" against drug infestation from abroad.

Congress has until the end of the month to object. Some members of the Senate Foreign Relations Committee are thinking about resolutions of disapproval for Mexico, the Bahamas and Panama, which could mean a 50 percent cut in economic aid for those countries. If the resolutions pass both houses of Congress, that would be a plain message to all drug-infested countries — and to the Reagan administration.

The United States has the money, skills and power to fight the war. The reluctance to move strongly against foreign producers comes from the same reality as the refusal to appropriate enough money to fight drugs at home or put somebody in charge. There just isn't the will to decide that a new national priority faces the country.

It would involve painful choices, but one as painful as staring one day at a child or grandchild and knowing suddenly that something is fearfully wrong.

The New York Times



Speaking to you tonight from the Oval Office ...

Pasternak Slipped Quietly Out of the Hall

By Hans N. Tuch

BETHESDA, Maryland — The Soviet government's rehabilitation of Boris Pasternak recalls an event involving the great Russian writer that turned out to be a dramatic and deeply moving moment for those who witnessed it in Moscow in September 1959.

It occurred at a time when Mr. Pasternak was in total official disgrace. He had become a nonperson in the eyes of the Soviet leadership, even as Nikita Khrushchev was creating the first thaw in the winter of Communist orthodoxy.

Mr. Pasternak had not been permitted to accept the Nobel Prize. He was isolated in his country home in Peredelkino, a writers' colony near Moscow, and had not been seen in public in about six months. The only evidence that he was still on people's minds was the whispered requests for "Doctor Zhivago," his banned novel, copies of which were in the hands of some Westerners who shared them with eager Russian friends.

The New York Philharmonic, under Leonard Bernstein, had been performing that year in Moscow, Leningrad and Kiev; it was the first major visit by a musical organization after the signing of a U.S.-Soviet cultural exchange agreement in 1958. The orchestra had been enthusiastically received everywhere it appeared, and it returned to Moscow to perform a final gala concert.

Mr. Bernstein had said that the one thing he wanted to do before leaving the

Soviet Union was to visit Mr. Pasternak's dacha in Peredelkino, which he did the day before the concert. It was reportedly a gracious and warm meeting, and at the end Mr. Bernstein invited Mr. Pasternak and his wife to his concert the next evening — not expecting, however, that they would be able to attend.

The day of the concert was hectic. It began with a filming of one of Mr.

MEANWHILE

Bernstein's omnibus television programs at Moscow's Conservatory Hall, with the New York Philharmonic on stage and an invited audience of enthusiastic music students and musicians.

By 7:45 P.M. the sold-out Conservatory Hall was jammed — this time with an elite audience that had managed somehow to get tickets. Suddenly, as if on cue, every eye in the hall appeared to focus on two people sitting near the center of the auditorium. Boris Pasternak was easily recognizable with his white hair and sharply lined facial features. Everyone in the concert hall, from orchestra to second balcony, zeroed in on Mr. Pasternak and his wife.

It was as if there were no one else there — and certainly no one that mattered: only the two Pasternaks sitting

quietly as if it were the most natural thing for the two political exiles to attend a concert in Moscow. There was a subdued buzzing in the hall as people motioned to one another and stared.

The tension, almost unbearable in its intensity, was broken suddenly when Mr. Bernstein appeared on stage. There was a tremendous cheer. Some of those present, perhaps including Mr. Bernstein, were sure that at least part of the greeting was meant for Mr. Pasternak.

During the intermission Mr. Pasternak went backstage, and he and Mr. Bernstein talked for about 10 minutes. Mr. Pasternak coming out of his shell of reserve and, speaking animatedly, apologizing for his "rusty" English, which turned out to be fluent if stylistically antiquated. Mr. Bernstein was excited and effusive as ever, full of embraces and grateful for the writer's compliments. A photo today serves as a record of the event.

The second half of the program was to be the climax of the tour. After Shostakovich's "Fifth Symphony," the composer came onto the stage to share the rhythmic applause that continued for some 30 minutes. During the ovation, Mr. Pasternak and his wife slipped quietly and almost unnoticed out of the hall — never, to my knowledge, to be publicly seen again.

The writer was cultural attaché at the U.S. Embassy in Moscow from 1958 to 1961. He contributed this to The New York Times.

LETTERS TO THE EDITOR

Time to Head Off Global Glasnost in Tax Matters

With the promise — and the mandate — to take the government off the back of the people, Margaret Thatcher came to power in 1979. Helmut Kohl followed suit in 1982 and one year ago it was the turn of Jacques Chirac. Yet confiscatory taxes are still stifling the economic growth of those countries.

Which *homo oeconomicus*, which enterprising spirit and ambitious worker would want to give his best when up to half of what he is doing serves to feed a mostly self-serving bureaucracy, and when his tax-file signature may serve to put him into jail? And what foreign investor would want to risk the fruits of his labors under conditions of a fiscal gulf where the Iron Curtain is replaced with a *glasnost* net?

That was the message of Swiss voters when they defeated a Socialist initiative for breaking up the banking secrecy in tax matters. That was the message when the Swiss parliament forced that country's government to torpedo an OECD "recommendation" to lift the banking secrecy in tax matters.

And that, too, was the message when the Fiscal Committee of the West German Bundestag publicly denounced the Draft Convention on Mutual Administrative Assistance in Tax Matters last December. This so-called INTERFIPOL convention seeks to combat the

legal use of tax advantages which a government might offer to promote development. It provides for unrestricted exchange of taxpayer data, notably by way of magnetic tape exchanges, even if no suspicion of law-breaking is claimed. It also provides for collection of foreign tax claims and for data collection in member countries without knowledge of the taxpayers concerned.

This Orwellian scheme was developed in secret under the aegis of the very institutions set up to promote international commerce, namely the OECD and the Council of Europe.

Members of the Swiss and German parliaments have taken up battle against this fiscal aberration and have called on their respective governments to deliver on their obligations vis-à-vis their taxpayers. They have reasoned that tax advantages are essential for promoting economic growth and for keeping or regaining competitiveness in the international marketplace. The German government is expected to threaten a veto. Thus, when the Ministerial Committee of the Council of Europe considers the plan, as it is expected to do this week in Strasbourg, adoption is far from assured. The plan may be thrown into history's wastebasket then and there. Such an outcome will most likely be arrived at without the aid of France and

Britain — whose treasury people apparently have yet to be told of the latest change of government.

This appears to be the opportunity for smaller countries such as Cyprus, Ireland, Malta, Portugal, Spain and Turkey to gain from opposing this sneak attack on their fiscal sovereignty. They can demonstrate by deeds that they mean business, attracting foreign investors with real tax advantages that will not be betrayed to foreign treasuries.

H. ANTON KELLER, Secretary, Swiss Investors Protection Association, Basel, Switzerland.

Kenyan Rights and a Burial

I have been following with interest your recent series of reports addressing issues of human rights violations in Kenya. Your coverage has been welcome and, in my assessment, accurate by and large. However, I would like to point out that the legal dispute over the burial place of S.M. Otieno, the distinguished lawyer who died on Dec. 20, is fundamentally an issue of women's rights in a rapidly changing society, where from time to time "customary law" and ethnic traditions come into conflict with national legislation or, in this case, where legislation is lacking.

The National Council of Women of Kenya is petitioning for legislation regu-

lating the rights of spouses with regard to inheritance and burial.

The Otieno dispute is not merely a manifestation of "tribal rivalries," as has been suggested by certain coverage in the Kenyan press and in Blaine Harden's "Battle Over Burial: A Glimpse at Tribalism's Role in Kenya" (Feb. 14).

S.M. Otieno devoted his life to the defense and protection of human rights. It is sad that his right to a dignified burial has been infringed upon, not through the legitimate legal dispute concerning it but by the public hysteria promoted around the case. One might, more appropriately, question the presence of the crowds of unemployed persons daily thronging the streets outside the court buildings. The exceptional attraction of this case may actually be an indication of the hunger for an opportunity to exercise basic human rights to freedom of expression and assembly in a society where these rights have been, otherwise, severely suppressed, especially in the last five years.

JANET WANGARONE, Bonn.

Having Pulled a Fast One

Regarding President Reagan's "mea culpa" reminder how it was when you were a boy and you pulled a fast one with your pals at school, thinking that nobody would ever find out? But then

they did, and the teacher was angry and your dad got mad at you, and they said that the least you could do was to say you were sorry. You didn't really want to but finally you just had to, so you said the words — but you didn't really mean it, and they knew you didn't.

TEUVO LEHTI, Gex, France.

Impeachment is provided by the Constitution not to provoke but to prevent a crisis. It provides for a cumbersome but orderly remedy to violation of the Constitution. It may not be painless, but it may, like surgery, save the patient. In this case, the most rigorous form of inquiry seems politically and morally mandatory. Impeachment should be discussed without fear. It certainly should not be considered pointless because only two years remain before the next election. A lot can happen in two years. It seems a lot already has.

STEVEN BACH, Munich.

For a Million Saffres

As I approach despair, there he is again, giving me a little hope for an intelligent, civilized world. I refer to William Safire, an independent thinker. May such as he multiply a million times.

SARAH GRANICH, Cannes.

NISSAN TOPS ITS CLASS

9th Paris-Dakar Rally

When it comes to testing a vehicle's quality and dependability, few can compare with the 13,000km Paris-Dakar Rally. Only the toughest survive and reach the finish of this grueling event.

This year the Nissan Patrol not only succeeded in completing the rally — it finished 1st in its class and 9th overall. Competing in Group 6, Class 2, Diesel Prototype AWD, it had the added distinction of being the only diesel vehicle among the top 10 finishers.

Following other victories in other rallies around the world, this impressive finish proves once again that when it comes to quality and dependability, few can compare with Nissan.

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2	Toyota Land Cruiser	Stefan Blum	105:44
3	Toyota Land Cruiser	Stefan Blum	106:24
4	Mercedes G-Wagen	Stefan Blum	106:54
5	Mercedes G-Wagen	Stefan Blum	107:24
6	Toyota Land Cruiser	Stefan Blum	107:54
7	Toyota Land Cruiser	Stefan Blum	108:24
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ARTS / LEISURE



London designers, from left: Jasper Conran, Alistair Blair, Bruce Oldfield.

'Hot Couture'—but the Fun Is Gone

By Hebe Dorsey

LONDON — Katharine Hamnett is talking "hot couture" but London has gone tame. The lull was already being felt last season. The reason then were the same. First, the influence of the Princess of Wales and other young royals has pulled British design up to proper, preppy, establishment dressing. Second, as the designers come of age, they want international commercial success.

The wild, punky groupies have vanished. No more funky hairdos, no whacky leather, lace and what-have-you combinations. No feeling of fun.

The move from Milan to London is still something of a culture shock. Despite efforts, the British have not lost their amateurish approach. Money is nowhere as important as in Milan, shows are short and runways plain. Many designers here clearly function on a shoestring.

The fashion silhouette is also

very different. Here, the body is very much around, an hourglass with small, natural shoulders, waist and hips. The British have never been into strong tailoring, and the fashion pendulum is swinging back in their direction. Although there is long and short, short looks better. Black is a favorite but it is no longer the gloomy, scarecrow black developed by the Japanese. It is a peppy, sophisticated and often cheery black combined with hot, bright colors. Bavarian and Scottish folklore has been rampant.

But mostly, the British runways have been about reviving the culture of the 1950s. Tight waists and full skirts hark back to Dior's "new look," and the little black dress, especially the bustier variety, is an old-new star. Puffs and bustles are a sign that Christian Lacroix, whose copies are already in department store windows, is familiar here. "I'm crazy about his styles," Katharine Hamnett said.

Of all the British designers, Hamnett is emerging as a leader, a gutsy as well as a versatile personality. Her show, which included as many men as women models, was the most fun. Hamnett has been able to handle the retro fashion of the '50s tongue-in-cheek and with a

LONDON FASHION

strong sense of humor that pulled it all together. Her black leather bustier dresses over petticoats. So did big black hats worn with mini jeans skirts. The tartan jackets over velvet skirts were very Saint Laurent à la Hamnett. The whole thing was a spoof, especially when the models undulated down the runway with an obvious vamp walk.

The most conventional couture designer was, unsurprisingly, Bruce Oldfield, who counts Princess Diana among his fans and friends.

Oldfield's clothes were pretty and predictable, and mostly about dressy dressing. Taffeta and black velvet A-shaped looks had strong echoes of Audrey Hepburn and the precise silhouette of Paris couture when it sizzled. The ending, puffed dresses over crinolines, was more today. The see-through, black tulle skirts were the only mild shockers of this collection. Oldfield, who knows that royalty does not wear black, went for color all the way — red, hot pink, fuchsia, sapphire blue and a very strong yellow.

With Wendy Dagworthy, Janice Wainwright and Betty Jackson, one moved into serious, professional clothes from equally professional designers who do a good business with the United States.

Jasper Conran is the wonder boy of British fashion. He was named last season as best designer of the year, but this collection, built on a tulip shape, was not as much fun as the last. Maybe Conran is growing up too. Youthful shapes included

softly flared silk skirts, cut on the bias and ending in a small fishtail at the back. The snug, short and fitted jackets over long pleated skirts were flattering and commercial. Masculine, tailored jackets had broad but droopy shoulders. The wraparound dress was one of many options. The evening wear was a bit more daring, with panned skirts of red lace under stiff, grosgrain bustiers.

Alistair Blair is one of three designers backed by Peder Bertelsen, a Danish entrepreneur who is building quite a fashion empire in London. The other two are John Galiano and Hamnett. Blair, who trained in Paris with Karl Lagerfeld, has not forgotten his tutor and delivers sophisticated clothes with a distinctly deluxe finish. Long coats were worn over short suits and long gray flannel bubble skirts over navy blazers. Blair, who is Scottish, also made ample use of his heritage with tartan capes over small jackets and long skirts.

Rising Bluesman

By Mike Zwecin

PARIS — It was once said of Memphis Slim, as he double-parked his Rolls-Royce on Boulevard Saint-Germain: "The blues business must be looking up." It's anything but blue for the bluesman Robert Cray.

Cray is touring the United States with Huey Lewis and The News this month, and playing with Eric Clapton in April; in June his band is the opening act for Tina Turner in Britain. His album "Strong Persuader" is at 17 on the Billboard's top pop album, moving up. He has just appeared on the "Saturday Night Live" television show, and "Showdown," his 1986 blues jam album with Albert Collins and Johnny Copeland, was awarded a Grammy. Nine months ago he played for 40 people in the New Morning here. Last week, on a European promotion tour, he said: "I'm not surprised. I'm in shock."

Cray grew up in the state of Washington, also the boyhood home of Hendrix, Quincy Jones and Ray Charles. Cray says this is no accident: "It's all that rain. Keeps you inside practicing."

The Beatles motivated him to pick up the guitar. Out of high school, he went down to Eugene, Oregon, "for lack of anything better to do." This university town supported a plethora of jazz and blues clubs, and the Cray Band was born.

Despite endorsements by musicians and the press, mass appeal came slowly. The band worked up and down the West Coast, off and on with Albert Collins ("he was like a father to us"). Cray had a bit part in the 1977 John Belushi film "Animal House," shot in Eugene, after which Belushi became a faithful Cray fan. Perhaps it was a coincidence that he conceived the "Blues Brothers" shortly thereafter.

Hearing the band at the San Francisco Blues Festival in 1978, the producing/songwriting team of Bruce Bromberg and Dennis Walker signed them up. They helped Cray "modernize" the blues by adding touches of soul, gospel and rock. There's nothing unusual about this — Clapton did the same thing — but Cray expanded the matter while staying at the heart.

Choice of material is one factor. Written by himself, Bromberg and Walker, his songs tell stories, with twists. "Still Around" is about a man trapped in a bad relationship:

I did my best to love you
Now do your best to leave
Can't you see that's what I want.
He's the villain in "Right Next Door."

She was right next door and I'm such a strong persuader
She was just another notch on my guitar
Now she's going to lose the man who really loves her
In the silence, I can hear their breaking hearts.

A jazzman who once toured with a blues band got desperate for new riffs to go with that same 12-bar structure. After a month of one-nighters, he moaned: "I'm going to have to call Rent-a-Riff." Cray keeps coming up with fresh riffs and bends old ones into new shapes to fit the lyrics. The recording of "Strong Persuader" combines brightness with intimacy.

Dick Wingate, vice president of PolyGram, Cray's new label, told Billboard magazine he was "somewhat surprised" at the successful crossover of a blues album to the pop charts. "With any new artist we ask ourselves 'How are we going to get this played? How are we going to market it?' It was a question of how we were going to get beyond the fact that this is a black man who makes music primarily oriented toward album oriented radio, which is inherently the most racist form of radio. Even up to the last minute, we had discussions about whether or not to put his



Robert Cray

photo" on a single from the new album "Smoking Gun."

After expressing surprise over the photo problem, Cray said: "You know, it goes the same way in reverse. Record companies selling white artists to black stations don't want their photos on the jacket either. But we just went up to 25 on the black chart, which is weird because we're also on the white chart. We're even on some jazz charts. They don't know how to classify us. We're everywhere."

DOONESBURY



GENERAL NEWS

A Cooperative Café in Moscow

Good Service for Patrons, Share of Profits for Operators

By Celestine Bohlen

MOSCOW — Soft lights glowing from the windows of 36 Kropotkinskaya St. beckon curious passers-by into Moscow's first co-operative café, offering an elegant alternative to the glare and noise of state-run restaurants.

Outside, a crowd of customers patiently waited two hours in the cold to be among the first to try out the long-awaited novelty that finally, after a three-month buildup, was announced late last week by the official press agency.

Inside, customers dined on suckling pig or veal, fresh vegetables and berry juice for about \$10 a person. Music played quietly in the background as waiters offered polite and prompt service in three cozy rooms distinguished by hand-some brown velvet curtains, white columns, mirrors, even a fireplace.

"It is worth the wait, I can assure you," reported one patron. "You'll

never eat like that in a restaurant," said her male companion.

In a city starved for relaxed dining, the café on Kropotkinskaya is already a hit — once you get in the door. As the cooperative's chairman, Andrei Fyodorov, noted Friday night: "There should be six, ten, hundreds like this. The important principle here is the principle of competition — which is what Mikhail Sergeevich Gorbachev keeps saying."

The café has opened in advance of a new law that as of May 1 will permit limited private enterprise in the Soviet Union. It was permitted by the city bureaucracy as an experiment.

"It is nothing new," said a waiter.

Lenin wrote about cooperatives, the waiter said, "then they were forgotten."

The city has provided the café cooperative — consisting of Mr. Fyodorov and seven others — with a two-story building and funds for redecorating and equipment, including a Finnish stove. According to the government press agency Tass, the loans will be paid back over five years without interest.

Tass reported Thursday that the initial rate of profit allowed would be 16.7 percent, but that it could reach 30 percent.

The cooperative buys its produce where it can — through arrangements with local state farms, in state stores or at the market. Bowls of cucumbers, radishes, tomatoes and fresh dill, for instance, came from the farmers' market, bought at high prices.

"You cannot get them anywhere else at this time of year," said Mr. Fyodorov.

Mr. Fyodorov, who worked 23 years in the state-run restaurant business, is not yet satisfied with the results, despite rave reviews from the customers. "We are still not there yet," he said. "We need another week or two to work it out."

Although encouraged by city government, the new café ran into troubles at the Finance Ministry, which was concerned about the level of profit, according to articles in the Soviet press in January.



Andrei Fyodorov getting ready for the opening of Moscow's first cooperative restaurant.

Strike Shuts Iceland Schools

REYKJAVIK — Schools and colleges in Iceland were forced to close Monday when 1,200 teachers went on indefinite strike after the collapse of all-night pay talks, union leaders said.

Harpers & Queen

Harpers & Queen is placed firmly amongst the world's leading glossy magazines, recognised and admired for the leadership it gives to contemporary style.

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Soviet Dissidents Abroad Assail Gorbachev Changes

LONDON — Ten Soviet dissidents said in an article published Monday that the changes made by Mikhail S. Gorbachev were cosmetic, and they urged the West to remain skeptical about them.

The group included Vladimir K. Bukovsky, a scientist, Yuri Orlov, a physicist, and Yuri Lyubimov, a theater director. All the dissidents who signed the article live outside the Soviet Union.

They wrote in The Times of London: "The release of a number of human rights activists from prison, labor camps and exile during the past year is a welcome gesture but appears calculated to make a maximum public impression with minimum concessions."

They expressed doubts about the policy of *glasnost*, or openness, under which the official Soviet news media have begun critical coverage that would have been considered "anti-Soviet slander" a few years ago.

They wrote that "this policy makes a virtue of necessity; it has become senseless for the Kremlin to maintain a huge and costly internal propaganda machine whose products are believed by few."

"Real *glasnost* would involve genuine public debate in which all could take part without fear of punishment. Instead, the party maintains its monopoly on the truth, the order being that for the moment truth must be critical of

the regime. Such an order could be countermanded tomorrow."

They said that people in the West "should not so readily applaud Gorbachev for promising conditions that they would not tolerate for one moment."

"National reconciliation," they said, "cannot be achieved by releasing a couple of hundred prisoners from jails where they should not have been in the first place."

The dissidents called the Soviet Union "a gravely sick country whose leaders have had to break with a 70-year tradition of silence merely to gain a little trust from the Soviet people and the world outside. It is they, however, who must learn to trust."

The dissidents also expressed their distrust of Soviet policy on Afghanistan.

"The Soviet leaders say they want to end the war in Afghanistan," they said.

"If so, why not simply withdraw their troops? If the purpose of delay is to leave behind a stable government, why not allow free and fair elections under strict international supervision? We can only conclude that all they really want is the appearance of leaving Afghanistan."

Also signing the letter were Vasily Alksanov, Eduard Kuznetsov, Alexander Zinoviev, Olga Zinoviev, Vladimir Maximov, Ernest Neizvestny and Leonid Plyush.

ADS: Madison Avenue Waives Flag

(Continued from Page 1)

and seem to have struck a chord by saying, in a humorous way, that not everything should be taken at face value.

The shameless lies of the Izuzu spots "became the easiest metaphor for describing the Iran-contra affair and the general truth decay that seems to be affecting Wall Street and our culture in a major way," said Barbara Lippert, Adweek magazine's advertising critic.

While Izuzu has made the big splash, other advertisers have been shifting course more quietly. Many agencies had been using Americans in behalf of everything from automobiles to cereal to film. Eastman Kodak said it was "setting out to find America." Wonder Bread offered "Just a Little Slice of America," and Miller High Life Beer sold itself as "Made in America." But, born and bred in the U.S.A.

Although some of those campaigns are still running, most of the advertisers are now trying new strategies. For example, Miller's agency, J. Walter Thompson, has dropped the sweeping scenes of Americans at work and play in favor of commercials that specifically discuss the product's quality.

Burger King recently dropped its "Burger King Town" theme, which celebrated the best of Middle American life, and changed it to a campaign heralding the advantages of fast food for people on the go.

Chevrolet, whose jingle was once, "Baseball, hot dogs, apple pie and Chevrolet," now emphasizes the "Heartbeat of America." But its campaign is closer to a music video than an evocation of the American heartland.

That most American of products, Coca-Cola, still uses warm family moments and exuberant people in commercials for Classic Coke. But it has turned to high-tech imagery to sell new Coke, adopting as its spokesman a weird, computer-generated character named Max Headroom, whose existence is limited to a video screen and who has become a cult figure.

"If people are not going to respond to commercials that try to tap good feelings about America, the advertising will change," said Malcolm MacDonnell, the president of Hill, Holliday, Connors, Cosmopolis Inc. of New York. "It will try to push different buttons."

Of course, some of the changes are attributable as much to specific competitive considerations as to a changing political climate. Burger King needed a new strategy because it was losing ground to McDonald's, and Coke has been try-

ing to develop a more up-to-date image in its battle with Pepsi.

While the themes of American values and ideals have cropped up occasionally as long as there has been advertising, they began emerging in force during 1984. Many advertisers developed campaigns around the Olympic Games being held in Los Angeles, saluting U.S. athletes and associating products with the compounding of national pride the Games elicited.

Currently, most Americans seem inclined to take their advertising — as well as their politicians — with a grain of salt, judging by the popularity of several current campaigns that overtly or subtly mock the form.

"Advertising tends to follow the emotional mood of America closely," Mr. MacDonnell said. "When a trend hits, everybody jumps on the bandwagon, then it passes and they go off in another direction."

VOTES:

Right Gains Seats

(Continued from Page 1)

before a government could be formed to replace the center-left coalition he led for four years.

Pre-election opinion polls had forecast a swing to the right as well as success for the environmentalist Greens. Although the Greens doubled their seats from two to four, they did not get the 10 seats predicted for them before the election.

Finland's pro-Moscow Communists, standing separately after being expelled by a more moderate majority last year, lost six of their 10 seats. The moderate Communists kept their 17 seats in parliament. Internal strife between the two factions in the 1980s has badly hurt the once-powerful Communist Party.

The conservatives have been out of office for two decades, mainly because of sensitivities over Finland's relations with the Soviet Union, its neighbor and key trading partner.

Under Mr. Suominen, the conservatives have modified their foreign and economic policies.

Commentators said that Finland's foreign policy of remaining a Western democracy while keeping close links with Moscow would not change.

Debate on forming a government is likely to continue for days. However, Mr. Soes is expected to come under heavy pressure to resign, especially since centrists and conservatives now have a clear majority in parliament.

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WEDNESDAY, MARCH 17, 1987

INTERNATIONAL STOCK MARKETS

Foreign-Ownership Laws
Renew Interest in HelsinkiBy JURIS KAZA
Special to the Herald Tribune

HELSINKI—New laws that will increase the percentage of shares foreigners may hold in Finnish corporations and permit Finns to form mutual funds have renewed foreign interest in the Helsinki Stock Exchange. Recently, too, an arbitration panel decided in favor of the principle that minority shareholders should be offered takeover terms in a takeover as holders of a controlling block of shares, at least for voting shares that foreigners cannot own.

While it is not clear what the decision means for the limited class of shares available to foreigners, Helsinki analysts say the decision at least shows the outside world that the issue of minority rights is recognized in Finland.

One analyst estimated that new domestic mutual funds could pump as much as an additional 2 billion markkaa (\$404 million) into the market by 1988. Trading volume in 1986 was around 9 billion markkaa.

Share prices in Helsinki, one of the world's smallest markets with accommodation for only 19 brokers, have risen 10 percent since Jan. 1 and are up 63 percent in trading starting in mid-February, when it became clear the Finnish parliament would this year double the amount of a corporation's share capital that can be held by foreigners to 40 percent from 20 percent. The outcome of the weekend's parliamentary election was expected to have little effect on the new rules.

Raflog Insurance Co.'s shares "have shown rapid appreciation since the beginning of February, with considerable foreign interest," said Timo Nikkunen, a senior analyst with Unitas Ltd., a Helsinki securities brokerage, said of the electronics and diversified industrial group. "Other companies haven't used up the 20 percent yet, and these, I believe, include some better known shares such as Kansallis-Osake-Pankki, Huhtamäki, and United Paper Mills."

Raflog holds an extensive portfolio of Finnish shares and analysts have often called it a kind of unofficial mutual fund from the foreign investor's viewpoint.

STILL, ANALYSTS POINT OUT that even as the 40 percent law comes into effect, there are many companies that still have not issued 20 percent of their shares as "free" shares available to foreign investors.

"For the time being, only Nokia has proposed a change in its articles of association," Timo Syjälä, chief dealer for Borsow Oy, a Helsinki securities brokerage, said of the electronics and diversified industrial group. "Other companies haven't used up the 20 percent yet, and these, I believe, include some better known shares such as Kansallis-Osake-Pankki, Huhtamäki, and United Paper Mills."

Mr. Syjälä added, however, that foreign interest in Finnish shares was growing slowly and steadily.

"The basic structure has changed," he said. "There are now many foreign institutional investors interested in Finland who haven't been in Finland before."

In the short term, however, Mr. Syjälä is cautious. "In a two- or three-year period, the trend will be favorable," he said, "but this is not a place for fast money."

Mr. Syjälä added, however, that foreign interest in Finnish shares was growing slowly and steadily.

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Factory
Use Is Up
In U.S.February Level
Is 2-Year High

The Associated Press

WASHINGTON—Factories, mines and utilities in the United States operated at 79.8 percent of capacity in February, the highest level in a year, the government reported Monday.

The Federal Reserve said the operating rate was the highest since U.S. industry operated at 80.2 percent of capacity in February 1986. But it was still almost 2 percentage points lower than the summer of 1984. It was also below the 1967-1985 average of 81.5 percent, indicating that factories still have room to grow before they will need new plants or more equipment.

The February figure represented a 0.2 percentage point increase from the revised January rate of 79.6 percent. The January level had originally been reported at 79.7 percent.

The improvement in February stemmed from a 0.2 percentage point rise in the operating rate at manufacturing plants. This included an increase of 0.5 percentage point at factories making durable goods, or items expected to last three or more years, and a 0.2 percentage point drop at factories making nondurable goods.

"The small drop in February reflected some easing of rates for nondurable industries that have been operating at high levels," the Fed said. Among them was the petroleum products industry, where capacity utilization fell to 92.5 percent from January's 94.5 percent.

The operating rate at factories making durable goods had declined in January.

The operating rate at U.S. mines edged up to 75.3 percent in February, but the sector remained 4.1 percentage points below where it was a year ago because of widespread production cutbacks in oil and gas drilling.

Testing Time for Specialty Chemicals



Nalco Chemical Co., the Illinois specialty chemicals concern, is cutting its work force and merging divisions.

By Jonathan P. Hicks
New York Times Service

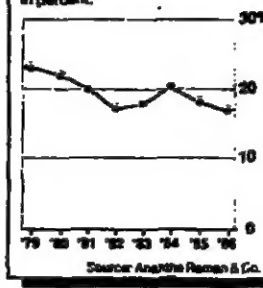
NEW YORK—Concentrates that prevent pipes from becoming clogged. Fluids that help to cool steel slabs that are being rolled into sheets. Acids that prevent contamination of semiconductor parts. These have been the substances that traditionally brought huge profits and stunning growth to specialty chemical companies.

But the growth has slowed in recent years, the result of downturns in many of the businesses that use the chemicals in everything from steam-making and oil drilling to pulp processing and cosmetics. And that has taken a severe toll on the earnings of many producers, which expanded capacity and added personnel during more prosperous times.

The downturn has been a rude shock to producers long accustomed to commanding high prices and avoiding the disruptive cycles in the more conventional business of so-called commodity chemicals.

A Slowdown for
Specialty Chemicals

Return on equity of the 15 largest specialty chemical companies, in percent.



Source: Angell Research & Co.

large quantities for general purposes.

And while a commodity chemical can bring in \$3 million in a single order, a typical specialty chemical sale will produce about \$400,000. But specialty chemical companies offer thousands of products.

These chemicals are used largely in the troubled manufacturing sector, and that fact has stymied the industry's growth, resulting in lower earnings. Net income at Nalco Chemical Co. of

See CHEMICALS, Page 13

SEC Launches
Investigation
Of Icahn Deals

Compiled by Our Staff From Dispatches

WASHINGTON—Carl C. Icahn, the corporate raider who heads Trans World Airlines Inc., said Monday that he is the target of an investigation by the Securities and Exchange Commission into possible violations of U.S. securities laws.

Mr. Icahn, a well-known arbitrator whose takeover tactics have frequently been the cause of controversy, acknowledged the investigation in a filing with TWA was required to make with the SEC disclosing its 14.8 percent stake in USAir Group Inc. TWA launched a \$1.65 billion bid for the smaller airline company earlier this month.

Mr. Icahn has previously said he has been subpoenaed in connection with the SEC's wide-ranging investigation of insider-trading, but this was the first time he has disclosed that he is among those being investigated.

He also said Monday that he was dropping for now his bid for USAir.

The investigation has in recent months centered on Ivan F. Boesky, another well-known arbitrator and corporate takeover specialist. In November Mr. Boesky pleaded guilty to insider-trading

charges and ordered to pay a fine of \$100 million.

Wall Street sources have rumored since then that Mr. Icahn was subpoenaed in connection with the Boesky case. Mr. Icahn himself said in November that the SEC had made "certain inquiries."

Specifically, the SEC's investigation is examining the acquisition and subsequent sale of more than 5 percent of the stock of certain unspecified companies, Mr. Icahn said.

In a takeover bid, arbitrators can often boost share prices, even when the takeover fails.

In November, Wall Street sources said that Mr. Icahn and Mr. Boesky secretly teamed up in the summer of 1985 to drive up the stock price of Gulf & Western Industries.

The sources said that the two men had combined holdings of more than 5 percent, and encouraged other parties to make a bid for the company.

After the company's stock price moved up amid rumors of an impending takeover, the sources said, Gulf & Western's chairman entered into negotiations with the two arbitrators, Mr. Icahn and Mr. Boesky.

See ICAHN, Page 13

SEC Allows Liquidation
Of Boesky Partnerships

The Associated Press

WASHINGTON—The Securities and Exchange Commission said Monday it has approved applications by two limited partnerships managed by Ivan F. Boesky, the stock speculator, to pay off \$640 million in debt and shut down.

The application had been opposed by lawyers for investors who allege that they lost money because of Mr. Boesky's trading on inside information.

They contended the payment plan would allow investors in Mr. Boesky's funds to recoup their entire investment while allegedly defrauded investors would be left with virtually nothing.

The SEC announced it had approved the applications to withdraw as registered broker-dealers by Seemala Partners L.P. and IFB Managing Partnership L.P.

IFB is a shell company with no significant assets, the SEC said. But Seemala was a major trading entity and is the target of millions of dollars in lawsuits resulting from insider trading cases against Mr. Boesky.

Mr. Boesky agreed last November to pay a \$100 million penalty to settle charges of trading on insider information supplied by Dennis B. Levine, an investment banker, in

1985 and 1986. He also agreed to cooperate with investigators and to plead guilty to a single unspecified criminal charge.

Seemala asked the SEC for permission to withdraw and to repay \$640 million in subordinated debt, most of it at a reduced 9 percent interest rate.

The noteholders, in return for payment of the principal amount, would waive their rights to collect more than \$100 million in prepayment penalties and additional interest.

With the payment agreement, Seemala said, the partnership would be left with a pool of about \$278 million to pay other claims, in addition to \$50 million paid by Mr. Boesky as part of his civil penalty and \$11.4 million paid by Mr. Levine, who pleaded guilty to criminal charges growing out of the insider-trading investigation.

Although the SEC approved the applications, it attached conditions.

It forbade payments to members of the limited partnerships until March 12, 1988. And partners receiving distributions must agree to accept personal liability for satisfying their pro rata share of court judgments resulting from investor lawsuits.

France Waits for the Recovery Chirac Promised

Reuters

PARIS—A year after coming to power, the government of Prime Minister Jacques Chirac has swept away a cobweb of controls and regulations choking the French economy.

But France is still waiting for the industrial recovery that the government says will follow from its free-market policies.

Company profits and the stock market are rising. But so is unemployment. Growth is stagnant at about 2 percent a year and the outlook for inflation, held to a 20-year low of 2.1 percent in 1986, is uncertain. Prices rose a provisional 1.1 percent during the first two months of the year, the government reported Monday.

Forced last month to cut the government's 1987 growth target and raise its inflation estimate, Finance Minister Edouard Balladur ruled out action to stimulate the economy.

Some government supporters say time may be running out for an economic miracle. Presidential elections are due by April 1988, and Mr. Chirac is considered almost certain to run.

Since the elections a year ago, Mr. Chirac, a conservative, has had to share power with President Francois Mitterrand, a Socialist.

Michel Develle, director of economic studies at the newly privatized Banque Paribas, said the

government's outstanding achievement had been to break habits ingrained by centuries of state control.

"The figures may look mediocre, neither good nor bad," he said. "But set in their context of structural reforms, they are excellent."

Some other analysts disagreed. "The belief that economic liberalism will produce an explosion of economic forces is ideological," said Jean Chevrel, chief economist at Banque Indosuez. "I think it's an illusion." Illusion or not, the government has pushed its vision hard. Foreign exchange and consumer price controls have been largely abolished, labor regulations have been revised to make it easier to dismiss unneeded workers, and a popular program has been launched to sell off state-owned banks and industries.

Since December, nearly five million French investors have bought shares in Paribas and in Compagnie de Saint-Gobain, the glass-making company, the first two state companies brought to the stock market under the five-year, 300 billion franc (\$48 billion) privatization plan.

Encouraged by an amnesty on illegal exports of capital and by the lifting of most currency controls, money has flooded into the Paris stock market from abroad.

Late last year the government abolished 42-year-old price controls on services such as car repairs and hairdressing, thus freeing from state intervention small businesses that account for about 60 percent of the national economy.

The immediate result was a 0.9 percent rise in consumer prices in January, which was partly responsible for a revision in the official 1987 inflation forecast, to 2.5 percent from 2 percent.

"But even 2.5 percent would be a fantastic result when you consider that prices are now free for the first time since 1945," said Mr. Develle of Banque Paribas.

The inflation rate slowed in February to between 0.1 and 0.2 percent, the government said Monday.

The government also credits itself for a major reduction in France's foreign debt, and a lowering of the budget deficit. Yet, despite a healthy balance of payments surplus and a gradual improvement in industrial productivity, the franc was forced in January into a 3 percent devaluation against the Deutsche mark, its second since Mr. Chirac took power.

And despite rising industrial investment and new incentives to boost youth employment, the number of unemployed workers reached a record 2.7 million at the end of last year.

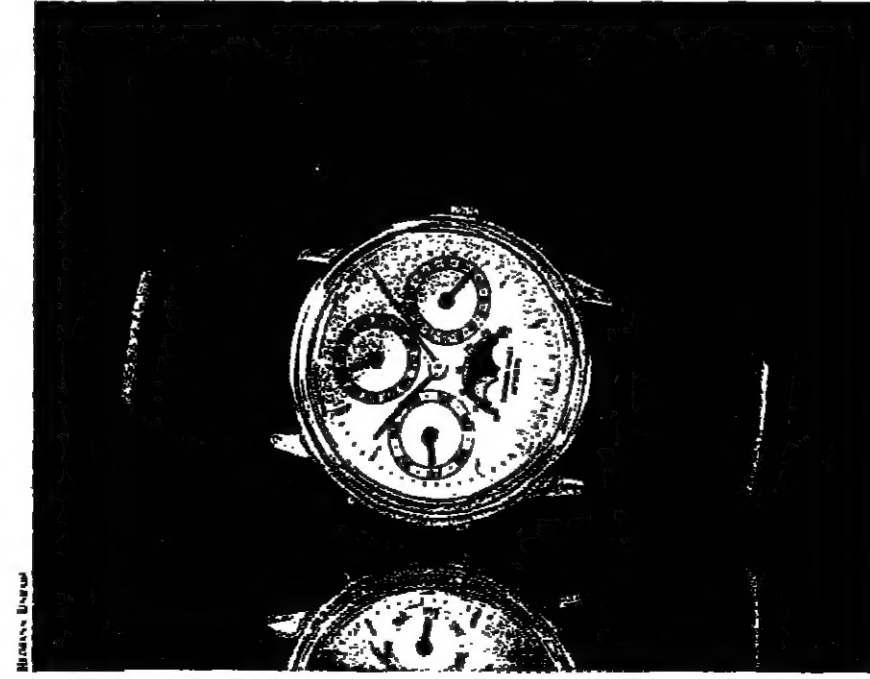
Japan Complains
On Korea Trade

The Associated Press

SEOUL—Japan has told the General Agreement on Tariffs and Trade that South Korea is violating GATT rules by pushing a long-term program to discriminate against Japanese goods, Korean trade officials said Monday.

The Japanese "information," one step short of filing a formal suit with GATT, made an issue of Seoul's five-year import diversification program.

That program seeks to cut imports from Japan, with which Korea perennially has a trade deficit, in favor of goods from the United States and Europe, with which it has a surplus.

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Currency Rates

Currency	Rate	Currency	Rate	Currency	Rate
Australian dollar	1.52	Japanese yen	100/108	Swiss franc	1.48
Belgian franc	40.33	South African rand	100/108	U.S. dollar	1.00
British pound	1.52	Taiwan dollar	100/108	West German mark	1.48
Canadian dollar	1.00	Thai baht	100/108	Yen	100/108
Dutch guilder	2.20	U.S. dollar	1.00		
French franc	6.55				
Italian lira	1.36				
Japanese yen	100/108				
South African rand	100/108				
Taiwan dollar	100/108				
Thai baht	100/108				
U.S. dollar	1.00				
West German mark	1.48				
Yen	100/108				

Source: Reuters. Bank of Tokyo, London. Bank of America, New York. Bank of Europe, London. Bank of France, Paris. Bank of Italy, Rome. Bank of Japan, Tokyo. Bank of Spain, Madrid. Bank of Sweden, Stockholm. Bank of Switzerland, Zurich. Bank of the Netherlands, Amsterdam. Bank of Belgium, Brussels. Bank of Luxembourg, Luxembourg. Bank of Greece, Athens. Bank of Portugal, Lisbon. Bank of Turkey, Ankara. Bank of Iran, Tehran. Bank of Iraq, Baghdad. Bank of Kuwait, Kuwait City. Bank of Saudi Arabia, Riyadh. Bank of Egypt, Cairo. Bank of Syria, Damascus. Bank of Lebanon, Beirut. Bank of Jordan, Amman. Bank of Israel, Tel Aviv. Bank of Cyprus, Nicosia. Bank of Malta, Valletta. Bank of Gibraltar, Gibraltar. Bank of the Channel Islands, Jersey. Bank of the Isle of Man, Douglas. Bank of the Azores, Ponta Delgada. Bank of the Madeira Islands, Funchal. Bank of the Canary Islands, Las Palmas. Bank of the Balearic Islands, Palma de Maior. Bank of the Azores, Ponta Delgada. Bank of the Madeira Islands, Funchal. Bank of the Canary Islands, Las Palmas. Bank of the Balearic Islands, Palma de Maior.

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BUSINESS ROUNDUP

BAe, GKN Bid for Royal Ordnance

International Herald Tribune

LONDON — Britain's Ministry of Defense confirmed Monday that it had received sealed bids from British Aerospace PLC and GKN PLC, Britain's largest engineering group, for Royal Ordnance.

The ministry said it would make a decision on the buyer in the next few weeks. The sale of Royal Ordnance, which produces explosives and small arms chiefly for the British military, is expected to raise between £100 million (about \$155 million) and £150 million.

Ferranti PLC, the electronic-systems group, decided just prior to last Friday's deadline not to enter a final closed bid for Royal Ordnance. Bidding was open to British companies only.

Industry analysts said Monday that the contest is too close to call, but that BAe, Britain's leading military contractor, appeared to have the edge.

They point out that BAe's purchase of Ordnance would satisfy government security concerns because the big aerospace concern already operates under "national security" guidelines.

Those guidelines, imposed by the government as a condition for BAe's return to the private sector, include having an all-British board and restricting foreign shareholdings in the company to 15 percent.

BAe and Royal Ordnance have also maintained a close customer relationship in the arms field and their marriage, analysts argue, would improve Britain's arms-export competitiveness.

But the bid from GKN, which acts as prime contractor on a British-made armored personnel carrier, also has attracted favorable government attention because it has guaranteed that it will not sell off Ordnance assets or threaten major job loss.

Royal Ordnance has assets of £240 million and employs 17,000 people.

Pearson, Citing FT Strength, Says Profit Rose 11% in '86

By Warren Geder

International Herald Tribune

LONDON — Pearson PLC, the British conglomerate that owns the Financial Times newspaper, said Monday that its pretax profit rose 11 percent last year on the strength of its information and entertainment divisions.

Pearson said pretax earnings rose to £24.1 million (\$188 at current exchange rates), or 37.4 pence per share, from £21.8 million, or 30 pence, in 1985. After-tax earnings rose even more steeply — 27 percent, to £7.5 million from £5.9 million in 1985.

The newspaper profit came despite a 2 percent retreat in group sales, to £552.6 million from £570.1 million in 1985.

The group's information and entertainment division, which includes the FT and other newspapers, saw profits rise 41 percent, to £7.5 million. That increase more

than offset earnings declines in the oil and fine china divisions.

Pearson declined to provide specific profit figures for its flagship paper, the Financial Times. But Frank Barlow, a company board member, said that the FT has generated more profit in the last two years than in the previous 25 years combined, and that the paper had posted record profit, circulation and advertising income for three years running.

Profit from Royal Doulton fine china, buffeted by weak U.S. demand and by the drop in U.S. tourism in Britain last year, fell to £16.5 million in 1986, from £18.5 million a year earlier.

Earnings from oil and oil services plunged 67 percent, to £6.5 million from £19.6 million in 1985.

Profit at Pearson's investment banking division, centered on a 50-percent stake in London-based Lazard Brothers & Co., rose to £28.4 million from £22.7 million in 1985.

Manila to Boost Representation On Miguel Board

Reuters

MANILA — A Philippine government commission that controls 51 percent of San Miguel Corp. will increase its nominees on the company's 15-member board from six to nine.

"We want to correct business practices," said Ramon Diaz, chairman of the Presidential Commission on Good Government. "Right now there are a lot of companies that keep so many things from their shareholders, and one of them is San Miguel."

A spokesman for the brewing and food group, by far the largest Philippine company, declined comment.

Since the change of government last year, the commission has taken control of just over half of San Miguel's shares. Mr. Diaz said he wants the shares sold soon.

Mr. Diaz said a New York investment bank, Allen & Co., was interested in tendering for all outstanding stock. It would then disperse 60 percent of the shares to Filipino investors, as required by Philippine law. The Australian businessman Alan Bond and the brewing company Elders IXL Ltd. have expressed interest in acquiring the remaining 40 percent of shares.

France Begins Privatization Of CCF at 100 Francs a Share

Reuters

PARIS — The French government launched the sale Monday of Crédit Commercial de France, its second privatization of a major state-owned bank, to raise an initial 309 million francs (\$50 million).

One-third of the bank's stock was offered to large institutional investors at 100 francs (about \$16 dollars) a share. Finance Ministry officials said the other two-thirds would be offered to small investors through a stock market flotation in May or June.

The sale of CCF, the sixth-largest French bank in terms of its deposits, follows the February privatization of the Paribas banking group. The Paribas flotation, priced at 405 francs a share, was 40 times oversubscribed.

The Finance Ministry offered 3.09 million CCF shares out of a total 10.3 million to institutions willing to buy a minimum 258,260 shares each.

As with the Paribas offering, the initial share placement is intended to establish a core of long-term shareholders before the stock market sale later in the year.

CCF, with about 250 branches in France and 50 abroad, reported

group consolidated profits of 255 million francs for 1985 on total group assets of 163 billion francs.

The government plans to sell 65 state industrial, banking and insurance companies in the next five years, raising an estimated 300 billion francs.

It says it will offer one of the three biggest French banks, Société Générale, for sale before the end of this year.

L'Expansion Buys Stake In Vie Française Group

PARIS — A leading French economic weekly, L'Expansion, said Monday that it bought a 75 percent controlling stake in the Vie Française publishing group to form a major new financial publishing house.

L'Expansion's publisher, Jean-Louis Servan-Schreiber, said titles controlled by the new group would also include the financial dailies Agence and Tribune de l'Economie and several technical publications.

It would also own a minority stake in the Agence Centrale de Presse news agency, and yearly revenue would come to about 700 million francs (\$114 million).

COMPANY NOTES

Banco Della Svizzera Italiana plans a 1-for-12 rights issue of 300 percent of nominal value to raise about 50 million Swiss francs (\$32.2 million). The issue would have a theoretical value to shareholders of 140 francs per share and 45 percent registered shares.

Broken Hill Pty. Co., the Australian mining and industrial giant, will merge its BHP Minerals Division and Utah International Inc. effective June 1. The merger will create a company with assets of about 4.5 billion Australian dollars (\$3.08 billion).

Calvin Inc. has received an offer to be acquired by PepsiCo Inc., which already owns 9.9 percent of its stock, for \$11.50 per share. Calvin, the largest franchisee of PepsiCo's Two Bell restaurants, said its board would meet soon to review the proposal.

Carlson Communications PLC has purchased a 20 percent stake, or about 5.1 million shares, in Central Independent Television from Ladbroke Group PLC at 79 pence (39.07¢) a share.

Shannon Shipwreck Corp. will accept 27 percent of the 1.6 million shares of its common stock tendered in response to the company's offer to pay \$17 a share for 20 million shares.

Dixons Group PLC, the British electrical retailer, has sold 2.3 million shares in Woolworth Holdings PLC through Salomon Brothers U.K. Equity Ltd. The

shares went to institutions in Europe and Asia. Dixons retains one million shares.

Mitsubishi Electric Corp., Hitachi Ltd. and Toshiba Corp. will jointly supply 10 generators worth about 10 billion yen (\$65 million) to an Argentine-Paraguayan hydroelectric project.

Pochny SA, the French state-owned metals group, has signed two protocols of intent to set up joint ventures with the Soviet Union. One accord calls for ventures to manufacture aluminum packaging; the other is to produce machinery to make packaging.

Pochny SA, the French machinery maker, will raise its capital to 791 million francs (\$128 million) from 91 million by a 100-for-13 rights offering to shareholders, priced at par of 10 francs a share. The offer, from March 25 to April 13, is part of a capital restructuring plan under which Teaneco, which holds 44 percent of Pochny, will become majority shareholder.

Westinghouse Electric Corp. has received approval of a contract valued at \$200 million for work on a 1,150-megawatt nuclear power station in Britain. Westinghouse will design and erect the main reactor coolant system, manufacture components and transfer technology for the Sizewell B power station in Suffolk County. The project, Westinghouse's first for a nuclear plant since 1979, will cost a total of \$2.3 billion.

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CANON INC

Advice has been received from Tokyo that the 86th Ordinary General Meeting of Shareholders of the Company will be held at the Head Office of the Company 30-2, Shimo-Ogino, Chiyoda-Ku, Tokyo 144, at 9 a.m. on Monday 30th March 1987.

Matters to be Reported

Report on the business Report, Balance Sheet and Income Statement for the 86th business year from January 1st 1986 to December 31st 1986.

Matters to be Resolved

1. Approval of the Profit Appropriation plan for the 86th business year.

2. Election of Twenty-Three Directors.

3. Election of Three Statutory Auditors.

Holders of Depositary Receipts of Canon (EDR's & BDR's) wishing to exercise their voting rights in respect of the Shares represented by the Receipts held by them are reminded that, in accordance with Clause 8 of the Conditions, they must lodge their Receipts with Hill Samuel & Co. Limited by 3 p.m. 23rd March 1987, or with one of the subsequent days by 3 p.m. 20th March 1987 where lodgement forms are available. Voting Rights may only be exercised in respect of Depositary Receipts representing Ordinary Shares on the register as at 31st December 1986.

Copies of the full text of the Notice convening the meeting are available if required.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

Multicurrency Financing in the Equivalent of US-\$ 232,000,000 provided by UNICO-Banks

Co-ordinated by DG BANK Deutsche Genossenschaftsbank

DM 250,000,000 5 7/8% Private Placement of 1987/1992

DG BANK Deutsche Genossenschaftsbank

Genossenschaftliche Zentralbank AG - Vienna

Andelsbanken a/s Danabank

Okobank Osuuspankkien Keskuspankki Oy

Banque Fédérative du Crédit Mutuel

In association with The Norinchukin Bank The Shoko Chukin Bank

SFRS 25,000,000 Loan provided by Swiss Volksbank

NLG 100,000,000 5 7/8% Euroguilder Notes of 1987/1992

Rabobank Nederland

DG BANK Deutsche Genossenschaftsbank

Genossenschaftliche Zentralbank AG - Vienna

Banca Nazionale dell'Agricoltura SpA

CERA

YEN 5,000,000,000 Private Placement of 1987/1994

The Norinchukin Bank

Genossenschaftliche Zentralbank AG - Vienna

Okobank Osuuspankkien Keskuspankki Oy

Caisse Centrale des Banques Populaires

Swiss Volksbank

London & Continental Bankers Limited

Banco de Crédito Agrícola

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Swiss Volksbank

London & Continental Bankers Limited

Banco de Crédito Agrícola

Caisses Centrales des Banques Populaires

Swiss Volksbank

Hungary Bank Issues Denial on VW

Reuters

BUDAPEST — The National Bank of Hungary said Monday that its name had been used in fraudulent foreign exchange contracts with Volkswagen AG, but it denied any misconduct.

In other developments Monday, German sources said that VW's loss — as much as 480 million Deutsche marks (\$259 million) — was so large that outside currency traders probably were involved.

But prosecutors said they were concentrating their inquiries on Volkswagen's company headquarters in Wolfsburg.

László Karczag, managing director of the Hungarian bank, said that all its business with Volkswagen "had been closed, with all payments made within due on both sides and therefore we do not have any open or unsettled positions whatsoever with them."

Volkswagen announced last week that it had lost a huge amount of funds in possibly fraudulent foreign exchange deals and filed a criminal complaint against unknown persons for fraud, breach of trust and forgery. It later dismissed its foreign exchange department chief and its financial director.

VW sources have said that the case came to light in February when the Hungarian bank refused

to honor what turned out to be a fraudulent forward currency purchase contract.

Mr. Karczag, while confirming that his bank's name had been used in "certain fraudulent contracts," denied any role by the bank, and said it had offered to help Volkswagen with its inquiries.

The Hungarian bank and the Soviet Bank of Foreign Trade are the major East-bloc currency traders. Most major banks in West Germany do business with the Hungarian bank.

Meanwhile, Carl Hermann Reymeyer, the state prosecutor in Brunswick, West Germany, said his office had asked Frankfurt prosecutors "to assist us in our investigations, but their findings led us to believe that we have to concentrate on Wolfsburg."

The weekly magazine Stern said that Rolf Solowsky, the VW director who resigned Friday, and other executives had resisted repeated calls by the company chairman, Carl H. Hahn, for a financial controller to be appointed to the board.

It quoted Mr. Hahn as saying that "the main center" of the currency manipulation "was outside the firm."

The newspaper Welt am Sonntag

said that the investigation by state prosecutors was now considering whether the VW currency manipulators had outside banking accomplices.

In Bonn, Hanna Christian Schröder-Hohenwirth, president of the West German Federation of Banks, said Monday that, according to his information, no member bank of the federation was involved in activities that led to the currency loss. The federation includes all big commercial banks in West Germany.

March 1987

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Washington, D.C.

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5 7/8% Private Placement of 1987/1992

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Herald Tribune

Opening for Talks in Seoul

Leaders Vow to Push for an Economic Recovery

U.S. Resumes its Power

100th Anniversary

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Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div. Yld. PE St. 100 High Low Chg. Cl. Cr. Chg.	12 Month High Low Stock Div. Yld. PE St. 100 High Low Chg. Cl. Cr. Chg.	12 Month High Low Stock Div. Yld. PE St. 100 High Low Chg. Cl. Cr. Chg.	12 Month High Low Stock Div. Yld. PE St. 100 High Low Chg. Cl. Cr. Chg.
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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 16 March 1987			
The market symbols indicate the type of fund: (A) = American; (B) = British; (C) = Canadian; (D) = Dutch; (E) = European; (F) = French; (G) = German; (H) = Hong Kong; (I) = Italian; (J) = Japanese; (K) = Korean; (L) = Luxembourg; (M) = Mexican; (N) = New Zealand; (O) = Other; (P) = Pacific; (Q) = Portuguese; (R) = Spanish; (S) = Swiss; (T) = Taiwan; (U) = United States; (V) = Vietnamese; (W) = West German; (X) = World; (Y) = Yugoslav; (Z) = Zaire.			
ALM MANAGEMENT	1.20	8.19	19
BANK JULIUS BAER & CO. LTD.	1.20	8.19	19
(A) American	1.20	8.19	19
(B) British	1.20	8.19	19
(C) Canadian	1.20	8.19	19
(D) Dutch	1.20	8.19	19
(E) European	1.20	8.19	19
(F) French	1.20	8.19	19
(G) German	1.20	8.19	19
(H) Hong Kong	1.20	8.19	19
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(J) Japanese	1.20	8.19	19
(K) Korean	1.20	8.19	19
(L) Luxembourg	1.20	8.19	19
(M) Mexican	1.20	8.19	19
(N) New Zealand	1.20	8.19	19
(O) Other	1.20	8.19	19
(P) Pacific	1.20	8.19	19
(Q) Portuguese	1.20	8.19	19
(R) Spanish	1.20	8.19	19
(S) Swiss	1.20	8.19	19
(T) Taiwan	1.20	8.19	19
(U) United States	1.20	8.19	19
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(Y) Yugoslav	1.20	8.19	19
(Z) Zaire	1.20	8.19	19

Floating-Rate Notes

March 16			
Dollars	Current Rate	100 High	100 Low
100 US Dollars	1.20	8.19	19
100 British Pounds	1.20	8.19	19
100 Canadian Dollars	1.20	8.19	19
100 Japanese Yen	1.20	8.19	19
100 Swiss Francs	1.20	8.19	19
100 West German Marks	1.20	8.19	19
100 French Francs	1.20	8.19	19
100 Italian Lira	1.20	8.19	19
100 Spanish Pesetas	1.20	8.19	19
100 Portuguese Escudos	1.20	8.19	19
100 Greek Dracmas	1.20	8.19	19
100 Turkish Liras	1.20	8.19	19
100 Indian Rupees	1.20	8.19	19
100 Pakistani Rupees	1.20	8.19	19
100 Bangladeshi Taka	1.20	8.19	19
100 Sri Lankan Rupees	1.20	8.19	19
100 Nepalese Rupees	1.20	8.19	19
100 Thai Baht	1.20	8.19	19
100 Malaysian Ringgits	1.20	8.19	19
100 Singapore Dollars	1.20	8.19	19
100 Hong Kong Dollars	1.20	8.19	19
100 New Zealand Dollars	1.20	8.19	19
100 Australian Dollars	1.20	8.19	19
100 South African Rand	1.20	8.19	19
100 Botswana Pulas	1.20	8.19	19
100 Lesotho Pulas	1.20	8.19	19
100 Swaziland Lilangeni	1.20	8.19	19
100 Zambian Kwacha	1.20	8.19	19
100 Malawi Kwacha	1.20	8.19	19
100 Mozambique Escudos	1.20	8.19	19
100 Zimbabwe Dollars	1.20	8.19	19
100 Botswana Pulas	1.20	8.19	19
100 Lesotho Pulas	1.20	8.19	19
100 Swaziland Lilangeni	1.20	8.19	19
100 Zambian Kwacha	1.20	8.19	19
100 Malawi Kwacha	1.20	8.19	19
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CITICORP OVERSEAS FINANCE CORPORATION N.V.
 (Incorporated with limited liability in the Netherlands Antilles)
 U.S.\$100,000,000 Guaranteed Refractable Notes due 1999
 Unconditionally guaranteed by
CITICORP
 Notice is hereby given that in accordance with the terms and conditions of the Notes, the new rate of interest for the period April 15, 1987 to April 14, 1990 will be fixed by the Company and notice of the new rate of interest will be published on March 27, 1987.
 By: Citicorp, N.A. (CSC) Dept., Agent Bank
 March 17, 1987, London

AMEX High-Lows

March 16			
Dollars	Current Rate	100 High	100 Low
100 US Dollars	1.20	8.19	19
100 British Pounds	1.20	8.19	19
100 Canadian Dollars	1.20	8.19	19
100 Japanese Yen	1.20	8.19	19
100 Swiss Francs	1.20	8.19	19
100 West German Marks	1.20	8.19	19
100 French Francs	1.20	8.19	19
100 Italian Lira	1.20	8.19	19
100 Spanish Pesetas	1.20	8.19	19
100 Portuguese Escudos	1.20	8.19	19
100 Greek Dracmas	1.20	8.19	19
100 Turkish Liras	1.20	8.19	19
100 Indian Rupees	1.20	8.19	19
100 Pakistani Rupees	1.20	8.19	19
100 Bangladeshi Taka	1.20	8.19	19
100 Sri Lankan Rupees	1.20	8.19	19
100 Nepalese Rupees	1.20	8.19	19
100 Thai Baht	1.20	8.19	19
100 Malaysian Ringgits	1.20	8.19	19
100 Singapore Dollars	1.20	8.19	19
100 Hong Kong Dollars	1.20	8.19	19
100 New Zealand Dollars	1.20	8.19	19
100 Australian Dollars	1.20	8.19	19
100 South African Rand	1.20	8.19	19
100 Botswana Pulas	1.20	8.19	19
100 Lesotho Pulas	1.20	8.19	19
100 Swaziland Lilangeni	1.20	8.19	19
100 Zambian Kwacha	1.20	8.19	19
100 Malawi Kwacha	1.20	8.19	19
100 Mozambique Escudos	1.20	8.19	19
100 Zimbabwe Dollars	1.20	8.19	19

CURRENCY
Strong
THE EURO
Liquidity
London
OT
Price
NASDAQ
16 March 1987

CURRENCY MARKETS

Strong Pound Pushes Dollar Down

Continued from Page 1

NEW YORK — The dollar fell Monday, pushed down by the strength of the British pound, the Canadian dollar and other currencies of countries with high interest rates, dealers said.

"The dollar's decline was not so much a function of any inherent weakness but was a result of gyrations in trading and other currencies," said James McGroarty, vice president at Discount Corp. of New York.

The dollar and its bond market has been stable, so investors are seeking higher yields in the U.K., Canada and other high-interest-rate countries.

British interest rates are above 10 percent, while yields in Canada are just under 9 percent, compared with roughly 7.5 percent on long-term U.S. Treasury bonds.

The dollar closed in New York at 1.8375 DM, down from 1.8375 DM on Friday; at 151.525 yen, down from 152.40; and at 6.1050 French francs, down from 6.1620. It was also lower against the

London Dollar Rates

Currency	Rate	Change
U.S. dollar	1.8375	down
Japanese yen	151.525	down
French franc	6.1050	down
German mark	1.8375	down
Swiss franc	1.5000	down

pound, which closed at \$1.5870, against \$1.5760 Friday.

The dollar also drifted lower in Europe, and dealers said they expected the currency to continue to be soft throughout the week.

They said the market was dull with no fresh factors to give direction. A large corporate sell order pushed the dollar down in late trading but it recovered slightly before the close.

In London, the dollar closed at 1.8375 DM, down from 1.8375 DM at Friday's close; at 151.58 yen, down from 152.60; and at 6.1150 French francs, down from 6.1630. The pound ended higher ahead of the release Tuesday of the Thatcher budget for 1987-88, closing at \$1.5835, against \$1.5750 on Friday.

Fairchild: ICAHN: Raider Says He Is Target of SEC Investigation

Continued from Page 1

Boesky ultimately sold their shares back to the company at a profit. The SEC issued a formal order launching the private investigation last Nov. 12, Mr. Icahn said in the filing. That would have been just days after Mr. Boesky reached his settlement with the SEC.

The order empowers SEC investigators to try to find out whether anyone, including Mr. Icahn, violated securities laws and related rules.

Federal law requires individuals or groups of individuals who have made shareholder agreements, to disclose stakes in companies of at least 5 percent within 10 days.

Mr. Icahn, a specialist in company takeovers, seized control of TWA in 1985 after a tough takeover fight.

In January, an investment group led by Mr. Icahn ended an \$8 billion bid for USAir Corp., the troubled steel and energy giant.

Previous targets included Viacom International Inc., a communications company, Phillips Petroleum Co., and Uniroyal Inc., one of the biggest rubber makers in the United States.

Mr. Icahn's bid for USAir had been frustrated by the courts and several federal agencies. Among setbacks last week, the U.S. Justice Department said it was reviewing whether Mr. Icahn and TWA violated antitrust law by failing to seek advance clearance from the department or the Federal Trade Commission for extensive open-market purchases of USAir stock.

Mark Buckstein, TWA general counsel, said the airline amended its application for Transportation Department clearance to seek control of USAir.

He said the amended filing stated that TWA reserves the right to seek control in the future, intends to retain its 15 percent interest in USAir and also seeks the flexibility to acquire up to 25 percent of the company.

TWA noted that it is temporarily barred by a federal court order from purchasing additional USAir stock pending a March 23 hearing. TWA had offered to buy USAir for \$52 a share and had threatened

Fujitsu Deal Off

Continued from Page 1

semiconductor used widely in supercomputers, which are used by the military for cracking codes and designing weapons systems.

The CIA also reportedly opposed the proposed sale.

In addition, it was being reviewed on antitrust grounds by the U.S. Justice Department, the only body in the government authorized to block an investment by a foreign company in a U.S. company.

Under the tentative agreement announced in October, Fairchild was to be spun off by Schlumberger. The company would retain its management and would be 80 percent owned by Fujitsu and 20 percent by Schlumberger.

The sale price was not announced, but Schlumberger said it would take a \$200 million loss.

Fairchild has been struggling with losses in recent years, like many other chip makers. In the fourth quarter of last year, Schlumberger took a \$464 million charge against earnings and the pending sale of Fairchild, and in 1985, Fairchild's problems had resulted in a \$484 million charge.

Schlumberger ended up recording a loss of \$2.02 billion for last year.

In addition to security concerns, the pressure from U.S. officials to block the sale was seen by some analysts as a way to induce Japan to do more to reduce its trade surplus with the United States.

The proposed sale also was seen by some of its opponents as a sort of test. They feared that, if it went through, it could lead to many other such sales, leaving large parts of the U.S. semiconductor industry in Japanese hands.

Fujitsu already has major operations in the United States and a 47 percent share of AMDahl Corp., a company that sells mainframe computers compatible with those of International Business Machines Corp.

Japanese officials have rejected these charges and Fairchild managers had defended the proposed sale as being a way to strengthen the company and keep jobs in the United States.

In New York, Wall Street analysts said that Schlumberger probably had lined up an alternate buyer for Fairchild. (Reuters, AP)

Conrail Says Sale May Be Next Week

Continued from Page 1

PHILADELPHIA — Consolidated Rail Corp. said Monday that the initial offering of its common stock could be made as early as next week at an estimated price of \$26 to \$29 a share.

The U.S. government has proposed selling 52 million Conrail shares in the United States and 6.75 million overseas under a law enacted in October.

The sale would raise \$1.53 billion to \$1.7 billion.

Naperville, Illinois, one of the largest specialty chemical producers, fell 13 percent last year to \$63.6 million. To reduce operating expenses, the company plans to cut its work force by 5 percent and merge its energy and oilfield-service divisions.

Similarly, Becton Laboratories Inc. of Tarrytown, New York, saw its net income drop to \$35 million in 1986 from \$38 million in 1985. For the 15 largest specialty chemical companies, return on equity dropped to 17 percent in 1986 from 23 percent in 1979.

At first, the downturn in steel-making and manufacturing actually helped the specialty chemical makers. Their products were used more extensively than ever to reduce costs. But as manufacturers upgraded plants and built more efficient ones, "specialty chemical companies built capacity and expanded, rather than developing new technologies and offering new products," said Charles J. Rose, an analyst with Oppenheimer & Co.

Then came the downturn in the oil industry, as prices dropped from about \$40 a barrel in 1980 to settle around \$18 a barrel recently.

crucial role. While the enhanced recovery method saves time, it is more costly than other methods.

"When oil was going for \$30 a barrel, the enhanced recovery method chemicals were economically viable," said Mark Gully, an analyst with Anadarko & Raman & Co. "But when oil falls below, say, \$25 a barrel or so, these projects become, at best, break-even."

Officials of specialty chemical companies agree. "The troubles in the oil industry have certainly affected us," said W.H. Clark, chairman and chief executive of Nalco.

"About 25 percent of our business is in oil and natural gas drilling, and the level of business has dropped off tremendously lately."

But Mr. Clark, who is also chairman of the Chemical Manufacturers Association, said that slower growth had caused specialty chemical producers to "look for additional

Hashem Found Guilty Of AMF Embezzlement

Continued from Page 1

ABU DHABI — The Abu Dhabi criminal court found Jawad Hashem, the former Arab Monetary Fund president, guilty Monday of forgery and embezzlement and sentenced him to 79 years in prison.

The court also ruled that Mr. Hashem and two other former senior AMF officials should pay the Abu Dhabi-based fund about \$80.5 million.

Hashem was found guilty of forging and embezzling funds from the AMF. The court also ruled that Mr. Hashem and two other former senior AMF officials should pay the Abu Dhabi-based fund about \$80.5 million.

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THE EUROMARKETS

Liquidity Drain Thwarts Recovery of FRNs

Continued from Page 1

LONDON — The market in conventional floating-rate notes showed no clear signs of recovery Monday from the confusion that sent prices tumbling and paralyzed trading at the end of last week, dealers and bank officials said.

FRN dealers said that at least 10 dealers had sold out of the normal 50 did not open for regular business, with many market operators pausing to assess their next steps in the wake of the total loss of 1/4 percent from panic selling Thursday and Friday.

Despite some late signs that prices were recovering last week, Monday's erratic trade provided a smaller mixed final picture with longer-dated FRNs still clearly under pressure.

Paper on which the interest rate will shortly be refixed managed to hold up, dealers said, as did notes

paying a relatively higher margin over benchmark interest rates. But longer-term FRNs were still subject to intense selling pressure.

"Anything longer than 10 years is still being sold off seriously, as is just about any paper in the banking sector," said one FRN market participant at a leading U.S. bank.

He noted that one long-dated issue for Citicorp — an offering that has suffered recently on fears over the bank's Latin American debt exposure — slipped by two points to around 14 FRNs, whose coupons are refixed regularly, usually trade around par, and large price drops are usually limited to 1/4 point.

U.S. and Canadian bank paper was still generally under pressure, along with Republic of Ireland offerings because of renewed worries about that country's economic situation.

The malaise was felt through the banking sector with a 2-point fall registered by one note for Banque Nationale de Paris, to give a 2-point drop over two trading days.

Retail clients, usually seen returning to the market as price falls push yields higher, have been unnerved by the last three days' panic, dealers said.

"Yes, there's been some bargain hunting, but no one dares to be first to come seriously back in," said one trader.

"A handful of market giants have frightened the retail away with this aggressive manipulation. As lower prices, another dealer said, 'As true liquidity drains, we are going to have to see some better market cooperation and rationalization.'"

Many dealers called meetings to assess the situation, but there were no reports that a large, formal meeting would be held soon.

Monday's OTC Prices

NASDAQ prices as of 4 p.m. New York time.

For The Associated Press

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ART BUCHWALD

The Royal Teflon Robe

WASHINGTON — Many years ago there was an emperor who loved new clothes. While he looked good in everything, the cloth he preferred was Teflon.

Everyone admired the emperor when he walked about the great white palace he lived in with his most gracious wife, an empress who, if it can be believed, possessed a wardrobe even more beautiful than the emperor's.

One day three tailors came to the palace and announced they were from the haberdashery firm of McFarlane, North and Poindexter.

"We wish to make you the most beautiful suit that any emperor has ever worn," one of the tailors said.

"It must be made of Teflon," the emperor said. "It's the only fabric that suits me when I'm sitting on the throne."

"Do not worry," the second tailor spoke. "This is Teflon the likes of which no one has ever seen. It is woven of Persian thread and contra trimming. The peculiar quality of this cloth is that no matter where you go nothing can penetrate it."

"I like that. How much do you want for this suit?"

"Twenty-four million dollars, if you say the money is for humanitarian reasons."

"I shall do it. Start at once," the emperor cried.

"We will make it covertly, so no one in the land finds out you have ordered a Persian-made suit, particularly while the Persians are holding your loyal subjects as hostages."

Capone Hotel Demolished

MIAMI BEACH — The 10-story Biscaya Hotel, where the gangster Al Capone was said to have been a frequent diner, has been demolished. The 62-year-old hotel, occasionally featured in scenes of the "Miami Vice" television show, was shuttered about 10 years ago, then abandoned. Preservationists tried for years to save it but could find no investors.

A few weeks later the emperor sent his chief of staff to find out how his suit was coming along. The chief of staff discovered the tailors working at an empty loom. He was perplexed as to where the suit was. When the tailors insisted he was gruffly, "I see it but I don't see it. If anyone asks, I will say I may have seen it but I never knew about it."

One of the tailors said, "Good Teflon affects people that way."

After the chief of staff reported back that he liked what he saw, other loyal followers of the emperor visited the tailor shop to inspect the cloth. Each one saw nothing but they could never admit this in fear the emperor would consider them disloyal.

With every passing day the emperor became more excited about his Teflon suit. He dreamed that once he put it on he would do wonderful things for his country, such as launch great rockets into the sky, cut taxes down to nothing and get the poor to shape up and fly right. He promised the empress that as soon as the suit was delivered they would travel across the land spreading charisma far and wide.

Finally the big day arrived. The suit was delivered by McFarlane, North and Poindexter. The emperor immediately tore off all his clothes and put it on.

"Beautiful, magnificent, gorgeous," said every person in the white palace, not one admitting there was nothing there.

The emperor, who felt no cloth or weight, did not want to look dumb in front of the staff so he said, "It fits like a glove."

"That is the beauty of Persian Teflon, you cannot feel it when you wear it," said one of the tailors.

Convinced, the emperor walked into his Rose Garden to smell the flowers.

"Oh my God," a scribe said. "The emperor has no clothes! Sir, do you realize you're completely naked?"

The emperor replied, "You obviously can't recognize good Teflon when you see it."

"Can you tell us what happened to your pants?" another scribe asked.

"No," the emperor said, "I'm saving that for the third act."

Literary Legacy Faces Break-up

By Edwin McDowell
New York Times Service

NEW YORK — To the dismay of scholars and teachers, one of the richest collections of letters, drafts and manuscripts relating to modernist literature has been removed from the Beinecke Library at Yale University after reposing there for almost 40 years, and will be put on the auction block.

The collection is that of The Dial, the monthly magazine that first published T.S. Eliot's "The Waste Land" and many other notable literary works.

Among the papers, which are to be sold in individual lots, are letters from Eliot, Sigmund Freud, James Joyce, D.H. Lawrence, James Lowell, Thomas Mann, H.L. Menckens, Marianne Moore, Ezra Pound, George Santayana and William Butler Yeats.

The collection contains most of the correspondence of Marianne Moore, who was editor of The Dial for about four and a half years.

Also included among the papers are typewritten poems by Eliot, Yeats and E.E. Cummings, of canons by Pound and of stories by Joyce. There is a short story handwritten by Lawrence, and a number of letters to the editor in Eliot's hand.

"These letters speak to articles and poems published in The Dial that are considered the literary masterpieces of this century," said Dale Davis, the executive director of the New York State Literary Center in Rochester, who is writing a book on The Dial.

"To break up this irreplaceable archive," said Patricia Willis, the curator of literature at the Rosenbach Museum and Library in Philadelphia, "is like taking a national monument and slicing it in little pieces."

Lawrence Dowler, the librarian of Harvard University's Houghton Library, expressed regret. "We have laws that protect architectural landmarks, that protect buildings from being torn

down, yet we have no laws to prevent the disposal of this major cultural landmark. And there doesn't seem to be any discussion of what we should do to prevent it."

Numerous scholarly books and articles, including some of the most influential works on American literature, have been based at least in part on materials in the Dial collection.

The collection is the legacy of Scofield Thayer, the co-owner and editor of The Dial. Most of the collection was given on loan to Yale in 1950; when additional papers were discovered in 1971, they were added. Thayer, who wrote his will in 1925, died in 1982 at age 92, decades after he became mentally incapacitated.

Because he outlived everyone named in his will, four relatives — first cousins, once removed — inherited his estate. Apparently unable to agree on how to settle the estate, the heirs arranged to have the Thayer collection auctioned at Sotheby's June 17.

Some scholars are angry that neither Yale nor any other institution was given an opportunity to bid on the Thayer collection. But their greatest fear is that the collection will be scattered.

Scholars at a number of educational institutions, including Yale, Duke, Princeton, Bryn Mawr, Johns Hopkins, Syracuse, and the Universities of Virginia, Texas and Pennsylvania, have written to the Morgan Guaranty Trust Company, the executor of the Thayer estate, asking it to appeal to the heirs to donate the archive or sell it intact.

Yale is not the only casualty of the Thayer will, which was probated five years ago. At that time 450 paintings owned by Thayer, including works by Picasso, Matisse and Chagall, were removed from the Worcester (Massachusetts) Art Museum, where they had been on long-term loan for 51 years, and given to the Metropolitan Museum of Art in New York.

But scholars point out that although the transfer of the art collection was a severe blow to the Worcester Art Museum, the collection at least was kept intact.

"In the larger sense the lament isn't that the collection has left Beinecke," Ralph Franklin, director of the Beinecke, said, "but that it will be dispersed in lots and will disappear perhaps forever into various private hands and institutions."

Last April, the New York Public Library acquired the papers of Dr. James Sibley Watson Jr., the medical doctor and translator who with Thayer purchased the moribund Dial in 1919, moved it from Chicago to New York, and soon transformed it into the most distinguished literary monthly in the United States. The November 1922 issue alone contained not

THE DIAL

NOVEMBER 1922

St. Severin Water-color
The Waste Land
The Player Queen
Brancusi's Golden Bird
The Golden Bird
Doctor Gracioso
Two Drawings
Reflections on the Greek Genius
Three Oil Paintings
Many Marriages
Two Drawings
Paris Letter
American Letter
Book Reviews:

The Aroma of Evanescence
Two American Poets
A Symposium of the Exotic
Lady Gregory's Plays
Nineties-Twenties-Thirties
Bricolage
Books for Children
Comment
The Theatre
Modern Art
Musical Chronicle

VOLUME LXXIII NUMBER 5

50 cents a copy



November 1922 issue included "The Waste Land," by T.S. Eliot.

Ezra Pound and other Dial associates.

Watson's widow, Nancy Dean, said, "I'm dismayed that the Thayer collection will be broken up and we might not know where it has gone. Mrs. Dean had carefully preserved the Watson collection before selling it to the New York Public Library."

"It is a beautifully arranged archive, the best arranged that I have bought during my tenure since 1969," the curator of the library's Berg Collection of English and American Literature, Lois Sladits, said. She said the Berg was also interested in the Thayer collection. "But I think the market will be so high that we will not be able to bid for it."

Even if the Berg could afford it, as many scholars hope, "it breaks one's heart to see national treasures being dispersed at auction," Sladits said.

The heirs are Edward T. Clary of New Canaan, Connecticut; David H. Clary of Greenwich, Connecticut; Margaret S. Schumacher of Winnetka, Illinois; and her brother, Dr. John Stocks of New Orleans.

David Redden, the director of books and manuscripts at Sotheby's, found irony in the current concern about the Thayer papers. "Thayer died in 1982," he said. "As far as I know, no one has made an offer on the collection. There was ample opportunity over a long period of time for someone to come forward."

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PEOPLE

'Cohabitation' Quails As Anniversary Dish

Paul Bocuse has created a dish to mark the first anniversary of cohabitation, or what the conservative prime minister, Jacques Mitterrand, the socialist president of France. The dish is called *Elyse-Matignon* after the names of the official Paris residences of Mitterrand and Chirac, the chef explained at his restaurant in Lyon Monday. The quails are served lying side-by-side, back to back or head-to-head depending on the current state of the often stormy relations between the two statesmen, Bocuse said. One of the quails is stuffed with foie gras from southwest France, where Mitterrand spends his holidays, while the other is stuffed with truffles from one of Chirac's favorite holiday spots in central France.

Boy George and other pop stars re-recorded the Beatles' hit song "Let It Be" to raise money for the victims of the Belgian ferry disaster. Paul McCartney's singing was taken from the original Beatles version, and Boy George and more than 100 other celebrities joined in the chorus for the new record. The Beatles rarely grant permission to record their songs, but McCartney and Michael Jackson, who own the publishing rights to "Let It Be," approved the project. "I think it's a thing that really upset me, seeing this little kid who was just a few years old completely on his own," said Boy George. "He's just a body." The singer was referring to Martin Hartley, whose parents and grandparents were among the 34 people who perished when the British ferry *Hebridee* ran aground in the English Channel off the Belgian port of Zeebrugge.

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